

**United States  
Securities and Exchange Commission**  
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange act of 1934

For the quarterly period ended March 31, 2017

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period From \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: **000-55621**

**TEXAS REPUBLIC CAPITAL CORPORATION**

(Exact name of registrant as specified in its charter)

Texas

(State or other jurisdiction of incorporation or organization)

45-5311713

(I.R.S. Employer Identification Number)

**115 Wild Basin Road, Suite 306**

**Austin, Texas 78746**

(Address of principal executive offices)

**(512) 330-0099**

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if he registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provide pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes  No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: Common stock .01 par

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**TEXAS REPUBLIC CAPITAL CORPORATION  
QUARTERLY REPORT ON FORM 10-Q  
FOR QUARTERLY PERIOD ENDED MARCH 31, 2017**

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**PART I – FINANCIAL INFORMATION**

**Item 1. Consolidated Financial Statements**

**PART I – FINANCIAL INFORMATION****Item 1. Consolidated Financial Statements**Texas Republic Capital Corporation and Subsidiary  
Consolidated Statements of Financial Position

	<u>March 31, 2017</u> (Unaudited)	<u>December 31,</u> <u>2016</u>
<b>Assets</b>		
Available-for-sale fixed maturity securities at fair value (Amortized cost: \$2,286,853 and \$2,286,379 as of March 31, 2017 and December 31, 2016, respectively)	\$ 2,353,209	\$ 2,340,080
Cash and cash equivalents	12,148,770	10,780,672
Accrued investment income	26,384	22,709
Advances and notes receivable	25,660	35,775
Security deposit	3,992	3,992
Prepaid and other assets	15,188	-
Property and equipment, net	7,459	4,504
Total assets	<u>\$ 14,580,662</u>	<u>\$ 13,187,732</u>
<b>Liabilities and Shareholders' Equity</b>		
Accounts payable	\$ 41,873	\$ 31,344
Total liabilities	<u>41,873</u>	<u>31,344</u>
<b>Shareholders' equity</b>		
Common stock, par value \$.01 per share, 25,000,000 shares authorized and 13,939,147 issued as of March 31, 2017 and December 31, 2016, and 13,936,147 and 13,937,147 outstanding as of March 31, 2017 and December 31, 2016, respectively and 919,650 and 547,500 subscribed as of March 31, 2017 and December 31, 2016, respectively.	148,588	144,866
Additional paid-in capital	20,156,897	18,299,869
Treasury stock, at cost (3,000 and 2,000 shares as of March 31, 2017 and December 31, 2016, respectively)	(15,000)	(10,000)
Offering costs	(2,607,624)	(2,449,432)
Accumulated other comprehensive income	66,356	53,701
Accumulated deficit	(3,210,428)	(2,882,616)
Total shareholders' equity	<u>14,538,789</u>	<u>13,156,388</u>
Total liabilities and shareholders' equity	<u>\$ 14,580,662</u>	<u>\$ 13,187,732</u>

See notes to consolidated financial statements (unaudited).

Texas Republic Capital Corporation and Subsidiary  
Consolidated Statements of Operations  
(Unaudited)

	<u>Three Months Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Net investment income	\$ 23,566	\$ 22,824
Total revenues	23,566	22,824

Texas Republic Capital Corporation and Subsidiary  
Consolidated Statements of Operations  
(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Revenues		
Net investment income	\$ 23,566	\$ 22,824
Total revenues	23,566	22,824
Expenses		
Salaries and wages	137,000	103,550
Employee benefits	30,642	19,558
Taxes, licenses and fees	15,489	14,760
Office rent	17,583	12,704
Director fees	15,000	2,500
Third-party administration fees	53,650	10,205
Service and transfer agent fees	4,190	3,443
Travel, meals and entertainment	19,618	6,232
Professional fees	45,001	20,144
Furniture, equipment and software	4,087	1,184
Bad debt	-	-
Office and other expenses	9,118	6,179
Total expenses	351,378	200,459
Net loss	\$ (327,812)	\$ (177,635)
Net loss per common share issued and subscribed	\$ (0.02)	\$ (0.01)

*See notes to consolidated financial statements (unaudited).*

Texas Republic Capital Corporation and Subsidiary  
Consolidated Statements of Comprehensive Loss  
(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Net loss	\$ (327,812)	\$ (177,635)
Other comprehensive income		
Total net unrealized gains arising during the period	12,655	55,916
Total other comprehensive income	12,655	55,916
Total comprehensive loss	\$ (315,157)	\$ (121,719)

*See notes to consolidated financial statements (unaudited).*

Texas Republic Capital Corporation and Subsidiary  
Consolidated Statements of Changes in Shareholders' Equity  
Three Months Ended March 31, 2017 and 2016  
(Unaudited)

	Common Stock \$.01 Par Value	Additional Paid-in Capital	Treasury Stock	Offering Costs	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Shareholders' Equity
Balance as of January 1, 2016	\$ 138,742	\$ 15,243,483	\$ -	\$ (2,118,916)	\$ (9,161)	\$ (1,951,120)	\$ 11,303,028
Subscriptions of common stock:							
\$5.00 per share	649	324,361	-	-	-	-	325,010
Offering costs	-	-	-	(42,087)	-	-	(42,087)
Other comprehensive income	-	-	-	-	55,916	-	55,916
Net loss	-	-	-	-	-	(177,635)	(177,635)
Balance as of March 31, 2016	<u>\$ 139,391</u>	<u>\$ 15,567,844</u>	<u>\$ -</u>	<u>\$ (2,161,003)</u>	<u>\$ 46,755</u>	<u>\$ (2,128,755)</u>	<u>\$ 11,464,232</u>
Balance as of January 1, 2017	\$ 144,866	\$ 18,299,869	\$ (10,000)	\$ (2,449,432)	\$ 53,701	\$ (2,882,616)	\$ 13,156,388
Subscriptions of common stock:							
\$5.00 per share	3,722	1,857,028	-	-	-	-	1,860,750
Purchase of common stock	-	-	(5,000)	-	-	-	(5,000)
Offering costs	-	-	-	(158,192)	-	-	(158,192)
Other comprehensive income	-	-	-	-	12,655	-	12,655
Net loss	-	-	-	-	-	(327,812)	(327,812)
Balance as of March 31, 2017	<u>\$ 148,588</u>	<u>\$ 20,156,897</u>	<u>\$ (15,000)</u>	<u>\$ (2,607,624)</u>	<u>\$ 66,356</u>	<u>\$ (3,210,428)</u>	<u>\$ 14,538,789</u>

See notes to consolidated financial statements (unaudited).

Texas Republic Capital Corporation and Subsidiary  
Consolidated Statements of Cash Flows  
(Unaudited)

	Three Months Ended March 31,	
	<u>2017</u>	<u>2016</u>
Operating activities		
Net loss	\$ (327,812)	\$ (177,635)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion of discount on investments	(474)	(460)
Provision for depreciation	586	470
Change in assets and liabilities:		
Accrued investment income	(3,675)	(3,675)
Advances and notes receivable	10,115	(15,036)

Texas Republic Capital Corporation and Subsidiary  
Consolidated Statements of Cash Flows  
(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Operating activities		
Net loss	\$ (327,812)	\$ (177,635)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion of discount on investments	(474)	(460)
Provision for depreciation	586	470
Change in assets and liabilities:		
Accrued investment income	(3,675)	(3,675)
Advances and notes receivable	10,115	(15,036)
Prepaid and other assets	(15,188)	-
Accounts payable	10,529	4,649
Net cash used in operating activities	(325,919)	(191,687)
Investing activities		
Purchases of furniture and equipment	(3,541)	-
Net cash used in investing activities	(3,541)	-
Financing activities		
Proceeds from public stock offering	1,860,750	325,010
Offering costs	(158,192)	(42,087)
Purchase of treasury stock	(5,000)	-
Net cash provided by financing activities	1,697,558	282,923
Increase in cash and cash equivalents	1,368,098	91,236
Cash and cash equivalents, beginning of period	10,780,672	8,975,991
Cash and cash equivalents, end of period	\$ 12,148,770	\$ 9,067,227

See notes to consolidated financial statements (unaudited).

Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

## 1. Organization and Significant Accounting Policies

### *Nature of Operations*

Texas Republic Capital Corporation (the "Company") is the parent holding company of Texas Republic Life Insurance Company ("TRLIC"). The Company was incorporated in Texas on May 15, 2012, for the primary purpose of forming and capitalizing a life insurance company subsidiary.

The State of Texas Department of Insurance approved TRLIC's charter on August 1, 2016. The Company capitalized TRLIC with \$3,000,000 cash. The Company owns 100% of TRLIC.

Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

**1. Organization and Significant Accounting Policies**

***Nature of Operations***

Texas Republic Capital Corporation (the “Company”) is the parent holding company of Texas Republic Life Insurance Company (“TRLIC”). The Company was incorporated in Texas on May 15, 2012, for the primary purpose of forming and capitalizing a life insurance company subsidiary.

The State of Texas Department of Insurance approved TRLIC’s charter on August 1, 2016. The Company capitalized TRLIC with \$3,000,000 cash. The Company owns 100% of TRLIC.

Since incorporation, the Company has been involved in the sale of common stock to provide working capital. The Company has completed an organizational offering, three private placement stock offerings and during 2014, initiated an intrastate public stock offering in the state of Texas. The public stock offering is registered to raise \$25,000,000 by offering 5,000,000 shares of its common stock.

The Company raised \$10,336,500 and incurred \$1,215,569 of offering costs through the issuance and subscription of 12,865,000 shares from an organizational offering and three private placement offerings. Through March 31, 2017, the Company has raised \$9,968,985 and incurred \$1,392,055 of offering costs through the issuance of 1,074,147 shares of the Company’s common stock and subscriptions of 919,650 shares less treasury stock of 3,000 shares from the intrastate public stock offering.

***Basis of Presentation***

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting primarily of normal recurring accruals) considered necessary for a fair presentation of the results for the interim periods have been included.

The results of operations for the three month period ended March 31, 2017 are not necessarily indicative of the results to be expected for the year ended December 31, 2017 or for any other interim period or for any other future year. Certain financial information which is normally included in notes to consolidated financial statements prepared in accordance with U.S. GAAP, but which is not required for interim reporting purposes, has been condensed or omitted. The accompanying consolidated financial statements and notes thereto should be read in conjunction with the financial statements and notes thereto included in the Company’s report on Form 10-K for the year ended December 31, 2016.

***Principles of Consolidation***

The consolidated financial statements include the accounts and operations of the Company and its subsidiary. All intercompany accounts and transactions are eliminated in consolidation.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management’s knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

**1. Organization and Significant Accounting Policies (continued)**

***Investments***

Fixed maturity securities are comprised of bonds that are classified as available-for-sale and are carried at fair value with unrealized gains and losses, net of applicable income taxes, reported in accumulated other comprehensive income. The amortized cost of fixed maturity securities available-for-sale is generally adjusted for amortization of premium and accretion of discount.

Interest income, as well as the related amortization of premium and accretion of discount, is included in net investment income under the effective yield method. The amortized cost of fixed maturity securities available-for-sale is written down to fair value when a decline in value is considered to be other-than-temporary.

The Company evaluates the difference between the cost or amortized cost and estimated fair value of its investments to determine whether any decline in value is other-than-temporary in nature. This determination involves a degree of uncertainty. If a decline in the fair value of a security is determined to be temporary, the decline is recorded as an unrealized loss in stockholders' equity. If a decline in a security's fair value is considered to be other-than-temporary, the Company then determines the proper treatment for the other-than-temporary impairment. For fixed maturity securities, available-for-sale, the amount of any other-than-temporary impairment related to a credit loss is recognized in earnings and reflected as a reduction in the cost basis of the security; and the amount of any other-than-temporary impairment related to other factors is recognized in other comprehensive income (loss) with no change to the cost basis of the security.

The assessment of whether a decline in fair value is considered temporary or other-than-temporary includes management's judgment as to the financial position and future prospects of the entity issuing the security. It is not possible to accurately predict when it may be determined that a specific security will become impaired. Future adverse changes in market conditions, poor operating results of underlying investments and defaults on mortgage loan payments could result in losses or an inability to recover the current carrying value of the investments, thereby possibly requiring an impairment charge in the future.

Likewise, if a change occurs in the Company's intent to sell temporarily impaired securities prior to maturity or recovery in value, or if it becomes more likely than not that the Company will be required to sell such securities prior to recovery in value or maturity, a future impairment charge could result. If an other-than-temporary impairment related to a credit loss occurs with respect to a bond, the Company amortizes the reduced book value back to the security's expected recovery value over the remaining term of the bond. The Company continues to review the security for further impairment that would prompt another write-down in the value.

Purchases and sales of securities are recorded on a trade-date basis. Interest earned on investments is recorded on the accrual basis and is included in net investment income.

***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, amounts due from banks and money market instruments.

***Advances and Notes Receivable***

Notes receivable are recorded at unpaid principal balances. Management evaluates the collectability of notes receivable on the specific identification basis. Uncollectible amounts are reported in the results of operations in the year the determination is made.



Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

**1. Organization and Significant Accounting Policies (continued)**

***Property and Equipment***

Property and equipment are carried at cost less accumulated depreciation or amortization. Office furniture, equipment and EDP equipment is recorded at cost or fair value at acquisition less accumulated depreciation or amortization using the straight-line method over the estimated useful life of the respective assets of three to seven years.

***Common Stock***

Common stock is fully paid, non-assessable and has a par value of \$.01 per share.

***Treasury Stock***

Treasury stock, representing shares of the Company's common stock that have been reacquired after having been issued and fully paid, is recorded at the reacquisition cost and the shares are no longer outstanding.

***Federal Income Taxes***

The Company uses the asset and liability method of accounting for income taxes. Deferred income taxes are provided for cumulative temporary differences between balances of assets and liabilities determined under GAAP and balances determined using tax bases.

***Offering Costs***

Certain costs directly related to the sale of the Company's securities are capitalized against the proceeds from the sales. These costs include legal fees, recruiting and training expenses, commissions, printing, mailing and other expenses related to the offering.

***Net Loss Per Common Share Issued and Subscribed***

Net loss per common share is calculated using the weighted average number of common shares outstanding and subscribed during the year. Shares sold during the period are considered to be outstanding for one half of the month in which they were sold. The weighted average common shares outstanding and subscribed were 14,628,505 and 13,900,280 for the three months ended March 31, 2017 and 2016, respectively.

***Related Party Transactions***

During 2015, the Company entered into an administrative service agreement with First Trinity Financial Corporation ("FTFC") for accounting and other services incidental to the operations of the Company. The Company paid FTFC \$11,150 and \$10,205 for the three months ending March 31, 2017 and 2016, respectively. The Chairman of the Company is also the Chairman, President and Chief Executive Officer of FTFC.

***Subsequent Events***

As of April 2, 2017, the Company ended its intrastate offering. The Company raised \$10,010,485 and incurred \$1,392,055 in offering costs.

Management has evaluated subsequent events for recognition and disclosure in the financial statements through May 15, 2017, which is the date the financial statements were available to be issued.

Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

**1. Organization and Significant Accounting Policies** (continued)

**Recent Accounting Pronouncements**

In February 2016, the FASB issued updated guidance to require lessees to recognize a right-to-use asset and a lease liability for leases with terms of more than 12 months. The updated guidance retains the two classifications of a lease as either an operating or finance lease (previously referred to as a capital lease). Both lease classifications require the lessee to record the right-to-use asset and the lease liability based upon the present value of cash flows. Finance leases will reflect the financial arrangement by recognizing interest expense on the lease liability separately from the amortization expense of the right-to-use asset. Operating leases will recognize lease expense (with no separate recognition of interest expense) on a straight-line basis over the term of the lease. The accounting by lessors is not significantly changed by the updated guidance. The updated guidance requires expanded qualitative and quantitative disclosures, including additional information about the amounts recorded in the financial statements. The updated guidance is effective for reporting periods beginning after December 15, 2018, and will require that the earliest comparative period presented include the measurement and recognition of existing leases with an adjustment to equity as if the updated guidance had always been applied. Early adoption is permitted. The adoption of this guidance is not expected to have a material effect on the Company's results of operations, financial position or liquidity.

**2. Investments**

**Fixed Maturity Securities Available-For-Sale**

Investments in fixed maturity securities available-for-sale as of March 31, 2017 and December 31, 2016 are summarized as follows:

<u>March 31, 2017 (Unaudited)</u>	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Fixed maturity securities				
Corporate bonds	\$ 2,286,853	\$ 75,012	\$ 8,656	\$ 2,353,209
Total fixed maturity securities	<u>\$ 2,286,853</u>	<u>\$ 75,012</u>	<u>\$ 8,656</u>	<u>\$ 2,353,209</u>
<u>December 31, 2016</u>	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Fixed maturity securities				
Corporate bonds	\$ 2,286,379	\$ 68,490	\$ 14,789	\$ 2,340,080
Total fixed maturity securities	<u>\$ 2,286,379</u>	<u>\$ 68,490</u>	<u>\$ 14,789</u>	<u>\$ 2,340,080</u>

Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

**2. Investments** (continued)

For securities in an unrealized loss position as of the financial statement dates, the estimated fair value, pre-tax gross unrealized loss and number of securities by length of time that those securities have been continuously in an unrealized loss position as of March 31, 2017 and December 31, 2016 are summarized as follows:

<u>March 31, 2017 (Unaudited)</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Number of Securities</u>

Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

**2. Investments** (continued)

For securities in an unrealized loss position as of the financial statement dates, the estimated fair value, pre-tax gross unrealized loss and number of securities by length of time that those securities have been continuously in an unrealized loss position as of March 31, 2017 and December 31, 2016 are summarized as follows:

March 31, 2017 (Unaudited)	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Number of Securities</u>
Fixed maturity securities			
Less than 12 months			
Corporate bonds	\$ 146,625	\$ 1,920	1
Greater than 12 months			
Corporate bonds	95,500	6,736	1
Total fixed maturity securities	<u>\$ 242,125</u>	<u>\$ 8,656</u>	<u>2</u>
December 31, 2016	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Number of Securities</u>
Fixed maturity securities			
Less than 12 months			
Corporate bonds	\$ 143,625	\$ 4,872	1
Greater than 12 months			
Corporate bonds	192,103	9,917	2
Total fixed maturity securities	<u>\$ 335,728</u>	<u>\$ 14,789</u>	<u>3</u>

As of March 31, 2017, and December 31, 2016, all of the fixed maturity securities had a fair value to amortized cost ratio equal to or greater than 93% and 92%, respectively. Two fixed maturity securities with a par value of \$250,000 are below investment grade as rated by Standard and Poor's as of March 31, 2017 and December 31, 2016.

The Company's decision to record an impairment loss is primarily based on whether the security's fair value is likely to remain significantly below its book value based on all the factors considered. Factors that are considered include the length of time the security's fair value has been below its carrying amount, the severity of the decline in value, the credit worthiness of the issuer and the coupon and/or dividend payment history of the issuer. The Company also assesses whether it intends to sell or whether it is more likely than not that it may be required to sell the security prior to its recovery in value.

For any fixed maturity securities that are other-than-temporarily impaired, the Company determines the portion of the other-than-temporary impairment that is credit-related and the portion that is related to other factors. The credit-related portion is the difference between the expected future cash flows and the amortized cost basis of the fixed maturity security and that difference is charged to earnings. The non-credit-related portion representing the remaining difference to fair value is recognized in other comprehensive income (loss).

Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

**2. Investments** (continued)

Only in the case of a credit-related impairment where management has the intent to sell the security, or it is more likely than not that it will be

Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

**2. Investments** (continued)

Only in the case of a credit-related impairment where management has the intent to sell the security, or it is more likely than not that it will be required to sell the security before recovery of its cost basis, is a fixed maturity security adjusted to fair value and the resulting losses recognized in realized gains (losses) in the consolidated statements of operations. Any other-than-temporary impairments on equity securities are recorded in the consolidated statements of operations in the periods incurred as the difference between fair value and cost.

Based on management's review, the Company experienced no other-than-temporary impairments during the three months ended March 31, 2017 and the year ended December 31, 2016.

Management believes that the Company will fully recover its cost basis in the securities held as of March 31, 2017, and management does not have the intent to sell nor is it more likely than not that the Company will be required to sell such securities until they recover or mature. The temporary impairments shown herein are primarily the result of the current interest rate environment rather than credit factors that would imply other-than-temporary impairment.

Net unrealized gains (losses) included in other comprehensive income (loss) for investments classified as available-for-sale are summarized as follows:

	(Unaudited)	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Net unrealized appreciation (depreciation) on available-for-sale securities	\$ 66,356	\$ 53,701

The amortized cost and fair value of fixed maturity available-for-sale securities as of March 31, 2017, by contractual maturity, are summarized as follows:

	(Unaudited)	
	<u>Amortized Cost</u>	<u>Fair Value</u>
Due after five years through ten years	\$ 2,286,853	\$ 2,353,209

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Major categories of net investment income for the three months ended March 31, 2017 and 2016 are summarized as follows:

	(Unaudited)	
	<u>For the three months ended</u>	
	<u>March 31,</u>	
	<u>2017</u>	<u>2016</u>
Fixed maturity securities	\$ 22,918	\$ 22,904
Short-term and other investments	648	(80)
Net investment income	<u>\$ 23,566</u>	<u>\$ 22,824</u>

Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

### 3. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) on the measurement date. The Company also considers the impact on fair value of a significant decrease in volume and level of activity for an asset or liability when compared with normal activity.

The Company holds fixed maturity securities that are measured and reported at fair market value on the statement of financial position. The Company determines the fair market values of its financial instruments based on the fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value, as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities. The Company has no Level 1 assets that would include securities traded in an active exchange market.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Company's Level 2 assets and liabilities include fixed maturity securities with quoted prices that are traded less frequently than exchange-traded instruments or assets and liabilities whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities and corporate debt securities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes investments where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

The Company has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into the three-level fair value hierarchy. If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. A review of fair value hierarchy classifications is conducted on a quarterly basis. Changes in the valuation inputs, or their ability to be observed, may result in a reclassification for certain financial assets or liabilities. Reclassifications impacting the levels of the fair value hierarchy are reported as transfers in and out of the specific level category as of the beginning of the period in which the reclassifications occur.

Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

### 3. Fair Value Measurements (continued)

The Company's fair value hierarchy for those financial instruments measured at fair value on a recurring basis as of March 31, 2017 and December 31, 2016 are summarized as follows:

<u>March 31, 2017 (Unaudited)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed maturity securities, available-for-sale				
Corporate bonds	\$ -	\$ 2,353,209	\$ -	\$ 2,353,209
Total fixed maturity securities	<u>\$ -</u>	<u>\$ 2,353,209</u>	<u>\$ -</u>	<u>\$ 2,353,209</u>

Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

**3. Fair Value Measurements** (continued)

The Company's fair value hierarchy for those financial instruments measured at fair value on a recurring basis as of March 31, 2017 and December 31, 2016 are summarized as follows:

<u>March 31, 2017 (Unaudited)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed maturity securities, available-for-sale				
Corporate bonds	\$ -	\$ 2,353,209	\$ -	\$ 2,353,209
Total fixed maturity securities	<u>\$ -</u>	<u>\$ 2,353,209</u>	<u>\$ -</u>	<u>\$ 2,353,209</u>
<u>December 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed maturity securities, available-for-sale				
Corporate bonds	\$ -	\$ 2,340,080	\$ -	\$ 2,340,080
Total fixed maturity securities	<u>\$ -</u>	<u>\$ 2,340,080</u>	<u>\$ -</u>	<u>\$ 2,340,080</u>

Fair values for Level 2 assets for the Company's fixed maturity securities available-for-sale are primarily based on prices supplied by a third party investment service. The third party investment service provides quoted prices in the market which use observable inputs in developing such rates.

The Company analyzes market valuations received to verify reasonableness and to understand the key assumptions used and the sources. Since the fixed maturity securities owned by the Company do not trade on a daily basis, the third party investment service prepares estimates of fair value measurements using relevant market data, benchmark curves, sector groupings and matrix pricing. As the fair value estimates of the Company's fixed maturity securities are based on observable market information rather than market quotes, the estimates of fair value on these fixed maturity securities are included in Level 2 of the hierarchy. The Company's Level 2 investments include corporate bonds.

The Company's fixed maturity securities available-for-sale portfolio is highly liquid and allows for a high percentage of the portfolio to be priced through pricing services.

Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

**3. Fair Value Measurements** (continued)

*Fair Value of Financial Instruments*

The carrying amount and fair value of the Company's financial assets disclosed, but not carried, at fair value as of March 31, 2017 and December 31, 2016 and the level within the fair value hierarchy at which such assets and liabilities are measured on a recurring basis are summarized as follows:

Financial Instruments Disclosed, But Not Carried, at Fair Value:

	<u>March 31, 2017 (Unaudited)</u>				
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets					
Cash and cash equivalents	\$ 12,148,770	\$ 12,148,770	\$ 12,148,770	\$ -	\$ -

Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

**3. Fair Value Measurements** (continued)

***Fair Value of Financial Instruments***

The carrying amount and fair value of the Company's financial assets disclosed, but not carried, at fair value as of March 31, 2017 and December 31, 2016 and the level within the fair value hierarchy at which such assets and liabilities are measured on a recurring basis are summarized as follows:

Financial Instruments Disclosed, But Not Carried, at Fair Value:

	<b>March 31, 2017 (Unaudited)</b>				
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets					
Cash and cash equivalents	\$ 12,148,770	\$ 12,148,770	\$ 12,148,770	\$ -	\$ -
Accrued investment income	26,384	26,384	-	-	26,384
Advances and notes receivable	25,660	25,660	-	-	25,660
Total financial assets	<u>\$ 12,200,814</u>	<u>\$ 12,200,814</u>	<u>\$ 12,148,770</u>	<u>\$ -</u>	<u>\$ 52,044</u>
	<b>December 31, 2016</b>				
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets					
Cash and cash equivalents	\$ 10,780,672	\$ 10,780,672	\$ 10,780,672	\$ -	\$ -
Accrued investment income	22,709	22,709	-	-	22,709
Advances and notes receivable	35,775	35,775	-	-	35,775
Total financial assets	<u>\$ 10,839,156</u>	<u>\$ 10,839,156</u>	<u>\$ 10,780,672</u>	<u>\$ -</u>	<u>\$ 58,484</u>

The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. However, considerable judgment was required to interpret market data to develop these estimates. Accordingly, the estimates are not necessarily indicative of the amounts which could be realized in a current market exchange. The use of different market assumptions or estimation methodologies may have a material effect on the fair value amounts.

The following methods and assumptions were used in estimating the fair value disclosures for financial instruments in the accompanying financial statements and notes thereto:

***Fixed Maturity Securities***

The fair value of fixed maturity and equity securities are based on the principles previously discussed as Level 1, Level 2 and Level 3.

***Cash and Cash Equivalents, Accrued Investment Income and Advances and Notes Receivable***

The carrying value of these financial instruments approximates their fair values due to the expected short-term nature until the cash settlement of these items. Cash and cash equivalents are included in Level 1 of the fair value hierarchy due to their highly liquid nature. Accrued investment income and advances and notes receivable are included in Level 3 of the fair value hierarchy due to little or no availability of market activity for these types of assets.

Texas Republic Capital Corporation and Subsidiary  
Notes to Consolidated Financial Statements  
March 31, 2017  
(Unaudited)

#### 4. Property and Equipment

Property and equipment as of March 31, 2017 and December 31, 2016 is summarized as follows:

	(Unaudited)	
	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Total property and equipment	\$ 12,867	\$ 9,326
Less - accumulated depreciation	(5,408)	(4,822)
Property and equipment net of accumulated depreciation	<u>\$ 7,459</u>	<u>\$ 4,504</u>

#### 5. Income Taxes

The Company annually files federal income tax returns with the Internal Revenue Service. Temporary differences between financial reporting and tax are not expected to be significant. The 2013 through 2016 U.S. federal tax years are subject to income tax examination by tax authorities.

As of the three months ended March 31, 2017, the Company has recognized in the financial statements the effects of all tax positions and continually evaluates expiring statutes of limitations, audits, changes in tax law and new authoritative rulings. The Company is not aware of any circumstances or events that make it reasonably possible that unrecognized tax benefits may increase or decrease within 12 months of the balance sheet date. Penalties and interest assessed by taxing authorities are included in the provision for income taxes, if applicable. There were no interest or penalties paid during the three months ended March 31, 2017 and 2016.

A valuation allowance of \$1,068,493 has been established for the amount of net operating losses arising from 2012 through March 31, 2017 since the Company has not demonstrated the ability to generate taxable income.

#### 6. Concentrations of Credit Risk

The Company's cash is held at Plains Capital Bank in Austin, Texas, UBS Financial Services, Inc. in Lexington, Kentucky, First Financial Bank in Abilene, Texas and Amarillo National Bank in Amarillo, Texas. The Federal Deposit Insurance Corporation insures accounts up to \$250,000. Uninsured balances aggregate \$9,836,166 as of March 31, 2017. The Company monitors the solvency of all financial institutions in which it has funds to minimize the exposure for loss. The Company has not experienced any losses in this account and believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### 7. Lease Commitment

The Company entered into a lease with a third party lessor in 2014 for utilization of office space in Austin, Texas. The lease agreement ends September 30, 2017. The lease required a deposit in the amount of \$3,992 and also abated the first month's rent. The monthly rental payments are \$2,432 for the first twelve months with annual increases of approximately 3% thereafter and the Company also pays a pro rata share of the operating expenses of the building. Rent expense under the lease agreement was \$17,583 and \$12,704 for the three months ended March 31, 2017 and 2016, respectively. Future minimum lease payments and a pro rata share of the buildings operating expenses to be paid under non-cancellable lease agreements are \$25,839 in 2017.

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## Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

### Capitalization

Texas Republic Capital Corporation ("we" "us", "our", "TRCC" or the "Company") was incorporated in May 2012 as a financial services holding company. Between May 2012 and November 2013, we conducted an organizational offering and three private placements of our common stock.



## **Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operations**

### **Capitalization**

Texas Republic Capital Corporation (“we” “us”, “our”, “TRCC” or the “Company”) was incorporated in May 2012 as a financial services holding company. Between May 2012 and November 2013, we conducted an organizational offering and three private placements of our common stock. From the organizational offering and private placements, we raised \$10,336,500, incurred \$1,215,569 of offering costs and issued 12,865,000 shares of our common stock. During 2012, the funds raised, offering costs incurred and shares subscribed from the private placements were \$5,051,300, \$180,835 and 10,636,840, respectively. During 2013, the funds raised, offering costs incurred and shares subscribed from the private placements were \$5,285,200, \$1,034,734 and 2,228,160, respectively.

We began an intrastate public offering of our common stock at a price per share of \$5.00 on April 2, 2014 and through the period ended March 31, 2017, we raised \$9,968,985, repurchased \$15,000 of treasury stock, and incurred \$1,392,055 of offering costs through the issuance of 1,074,147 shares of our common stock and subscriptions of 919,650 shares. During 2014, the funds raised, offering costs incurred and shares subscribed from the offering were \$3,143,800, \$576,613 and 628,760, respectively. During 2015, the funds raised, offering costs incurred and shares subscribed from the offering were \$1,901,925, \$326,734 and 380,385. During 2016 the funds raised, offering costs incurred and shares subscribed from the offering were \$3,062,510, \$330,516 and 612,502. For the first three months of 2017 the funds raised, offering costs incurred and shares subscribed from the offering were \$1,860,750, \$158,192 and 372,150. Of the 1,993,797 shares subscribed during the intrastate public offering, the Company issued 1,074,147 shares of its common stock.

On August 1, 2016, Texas Republic Life Insurance Company’s charter to become a life insurance company was approved by the Texas Department of Insurance. TRLIC is 100% owned subsidiary of the Company. TRLIC was capitalized with \$3,000,000 cash by the Company and is expected to begin the sale of life insurance products in 2017.

We are a financial services holding company and have incurred significant net losses since our inception. As of March 31, 2017, we had an accumulated deficit of \$3,210,428. These losses have resulted primarily from costs incurred while raising capital. We expect to continue to incur operating losses until we achieve a volume of inforce life insurance policies that provides premiums that are sufficient to cover our operating costs.

### **Critical Accounting Policies and Significant Judgments and Estimates**

Our management’s discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. On a continuing basis, we evaluate our estimates and assumptions.

We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

### **Income Taxes**

We evaluate our deferred income tax assets, which partially offset our deferred tax liabilities, for any necessary valuation allowances. In doing so, we consider our ability and potential for recovering income taxes associated with such assets, which involve significant judgment. Revisions to the assumptions associated with any necessary valuation allowances would be recognized in the financial statements in the period in which such revisions are made.

### **Results of Operations – Three Months Ended March 31, 2017 and 2016**

#### **Revenues**

Our revenues come from investment income based on investments in fixed maturity available-for-sale securities. We will begin selling insurance products in April 2017. We expect to have revenues from sales of life insurance in the future.

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Total revenues were \$23,566 for the three months ended March 31, 2017, an increase of \$742 from \$22,824 for the three months ended March 31, 2016.

### **Expenses**

Our expenses relate to operating a financial services holding company and a life insurance company.

Expenses were \$351,378 for the three months ended March 31, 2017, an increase of \$150,919 from \$200,459 for the three months ended March 31, 2016. An increase in third-party administrative fees, salaries and wages, and professional fees accounted for \$101,752 of this increase. We expect our general and administrative expenses to continue to increase in the near future as a result of administrative expenses necessary for the entry into the life insurance business.

### **Net Loss**

The net loss was \$327,812, or \$(0.02) per common share issued and subscribed, for the three months ended March 31, 2017 compared to a net loss of \$177,635, or \$(0.01) per share, for the three months ended March 31, 2016. The \$150,177 increase in the net loss was primarily attributable to the increase in expenses described above. We expect our losses to continue in the near future as we incur increased costs to enter and grow into the life insurance business. The weighted average common shares outstanding and subscribed were 14,628,505 and 13,900,280 for the three months ended March 31, 2017 and 2016, respectively.

### **Financial Position – As of March 31, 2017 and December 31, 2016**

Total assets of the Company increased from \$13,187,732 as of December 31, 2016 to \$14,580,662 as of March 31, 2017, an increase of \$1,392,930.

Cash increased \$1,368,098 due to high activity in the intrastate offering as we went through the closeout period. The first quarter of 2017 was the highest quarter of the offering. Sales in this quarter exceeded the previous high quarter by 21%.

Total shareholder equity of the Company increased from \$13,156,388 as of December 31, 2016 to \$14,538,789 as of March 31, 2017, an increase of \$1,382,401. The increase is mainly due to proceeds from the public stock offering of \$1,860,750 which exceeded a net loss from operations of \$327,812 and offering costs of \$158,192. Additionally, the increase in unrealized appreciation added \$12,655 but was somewhat offset by the repurchase of issued shares of \$5,000.

### **Liquidity and Capital Resources**

Since inception, our operations have been financed primarily through an organizational offering, three private placement offerings and an intrastate public stock offering. Through March 31, 2017, we received \$20,305,485 from the sale of 14,858,797 shares and incurred offering costs of \$2,607,624. Through March 31, 2017 the Company paid \$15,000 for 3,000 shares of the Company's common stock (treasury stock). Our operations have not been profitable and have generated significant operating losses since we were incorporated in 2012.

We had cash and cash equivalents totaling \$12,148,770 and \$10,780,672 as of March 31, 2017 and December 31, 2016, respectively. The Company maintains cash and cash equivalents at multiple institutions. The Federal Deposit Insurance Corporation insures accounts up to \$250,000. Uninsured balances aggregate \$9,836,166 and \$8,754,470 as of March 31, 2017 and December 31, 2016 respectively. Other funds are invested in mutual funds that invest in U.S. government securities. We monitor the solvency of all financial institutions in which we have funds to minimize the exposure for loss. The Company has not experienced any losses in such accounts.

Capital provided from the public offering will provide a considerable amount of operating funds for current and future operations. The operations of TRLIC should provide ample cash flows from premium income and investment income to meet operating requirements. Life insurance contract liabilities are generally long term in nature and are generally paid from future cash flows.

We believe that our existing cash and cash equivalents will be sufficient to fund our anticipated operating expenses and capital expenditures for at least 12 months. We have based this estimate upon assumptions that may prove to be wrong and we could use our capital resources sooner than we currently expect. The growth of TRLIC may require additional capital as it continues to grow. As discussed above, the Company capitalized TRLIC with \$3,000,000 cash during the third quarter of 2016.

## **Financial Position – As of March 31, 2017 and December 31, 2016**

Total assets of the Company increased from \$13,187,732 as of December 31, 2016 to \$14,580,662 as of March 31, 2017, an increase of \$1,392,930.

Cash increased \$1,368,098 due to high activity in the intrastate offering as we went through the closeout period. The first quarter of 2017 was the highest quarter of the offering. Sales in this quarter exceeded the previous high quarter by 21%.

Total shareholder equity of the Company increased from \$13,156,388 as of December 31, 2016 to \$14,538,789 as of March 31, 2017, an increase of \$1,382,401. The increase is mainly due to proceeds from the public stock offering of \$1,860,750 which exceeded a net loss from operations of \$327,812 and offering costs of \$158,192. Additionally, the increase in unrealized appreciation added \$12,655 but was somewhat offset by the repurchase of issued shares of \$5,000.

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We had cash and cash equivalents totaling \$12,148,770 and \$10,780,672 as of March 31, 2017 and December 31, 2016, respectively. The Company maintains cash and cash equivalents at multiple institutions. The Federal Deposit Insurance Corporation insures accounts up to \$250,000. Uninsured balances aggregate \$9,836,166 and \$8,754,470 as of March 31, 2017 and December 31, 2016 respectively. Other funds are invested in mutual funds that invest in U.S. government securities. We monitor the solvency of all financial institutions in which we have funds to minimize the exposure for loss. The Company has not experienced any losses in such accounts.

Capital provided from the public offering will provide a considerable amount of operating funds for current and future operations. The operations of TRLIC should provide ample cash flows from premium income and investment income to meet operating requirements. Life insurance contract liabilities are generally long term in nature and are generally paid from future cash flows.

We believe that our existing cash and cash equivalents will be sufficient to fund our anticipated operating expenses and capital expenditures for at least 12 months. We have based this estimate upon assumptions that may prove to be wrong and we could use our capital resources sooner than we currently expect. The growth of TRLIC may require additional capital as it continues to grow. As discussed above, the Company capitalized TRLIC with \$3,000,000 cash during the third quarter of 2016.

## **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements.

## **SPECIAL NOTE CONCERNING FORWARD-LOOKING STATEMENTS**

Certain statements contained herein are forward-looking statements. The forward-looking statements are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, and include estimates and assumptions related to economic, competitive and legislative developments. Forward-looking statements may be identified by words such as "expects," "intends," "anticipates," "plans," "believes," "estimates," "will" or words of similar meaning; and include, but are not limited to, statements regarding the outlook of our business and financial performance. These forward-looking statements are subject to change and uncertainty, which are, in many instances, beyond our control and have been made based upon our expectations and beliefs concerning future developments and their potential effect upon us.

There can be no assurance that future developments will be in accordance with our expectations, or that the effect of future developments on us will be as anticipated. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties. There are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements.

These factors include among others:

- general economic conditions and financial factors, including the performance and fluctuations of fixed income, equity, real

These factors include among others:

- general economic conditions and financial factors, including the performance and fluctuations of fixed income, equity, real estate, credit capital and other financial markets;
- differences between actual experience regarding mortality, morbidity, persistency, surrenders, investment returns, and our pricing assumptions establishing liabilities and reserves or for other purposes;
- the effect of increased claims activity from natural or man-made catastrophes, pandemic disease, or other events resulting in catastrophic loss of life;
- inherent uncertainties in the determination of investment allowances and impairments and in the determination of the valuation allowance on the deferred income tax asset;
- investment losses and defaults;
- competition in our product lines;
- attraction and retention of qualified employees and agents;
- ineffectiveness of risk management policies and procedures in identifying, monitoring and managing risks;
- the availability, affordability and adequacy of reinsurance protection;
- the effects of emerging claim and coverage issues;
- the cyclical nature of the insurance business;
- interest rate fluctuations;
- changes in our experiences related to deferred policy acquisition costs;
- the ability and willingness of counterparties to our reinsurance arrangements and derivative instruments to pay balances due to us;
- rating agencies' actions;
- domestic or international military actions;
- the effects of extensive government regulation of the insurance industry;
- changes in tax and securities law;
- changes in statutory or U.S. generally accepted accounting principles ("GAAP"), practices or policies;
- regulatory or legislative changes or developments;
- the effects of unanticipated events on our disaster recovery and business continuity planning;
- failures or limitations of our computer, data security and administration systems;
- risks of employee error or misconduct;
- the introduction of alternative healthcare solutions;
- the assimilation of life insurance businesses we acquire and the sound management of these businesses; and
- the availability of capital to expand our business.

It is not our corporate policy to make specific projections relating to future earnings, and we do not endorse any projections regarding future performance made by others. In addition, we do not publicly update or revise forward-looking statements based on the outcome of various foreseeable or unforeseeable developments.

#### **Item 4. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer ("Certifying Officers"), has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934 as amended ("Exchange Act") as of the end of the fiscal period covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, the Certifying Officers have concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is made known to management, including our Certifying Officers, as appropriate, to allow timely decisions regarding disclosure and that such information is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

##### **Changes to Internal Control over Financial Reporting**

There were no changes in the Company's internal control over financial reporting during the three months ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### Changes to Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the three months ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

None

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The Company sold 4,375,000 common shares at \$.02 per share to its organizing shareholders in May of 2012 for total proceeds of \$87,500. Subsequently, the Company completed three private placement stock offerings which raised \$10,249,000 through the issuance of 8,490,000 shares from the private placement offerings in 2012 and 2013, including a private placement of 2,000,000 shares for \$5,000,000 between February and November 2013. All of these shares were sold in reliance on the exemption from the registration requirements of the Securities Act of 1933 (the "1933 Act") contained in SEC Regulation D, Rule 506. No underwriter was involved in connection with the issuance of our shares, and we paid no finder's fees in the private placements.

On April 2, 2014, the Company commenced an offering of 5,000,000 shares of common stock at \$5.00 per share (\$25,000,000 maximum) with a 10% over sale provision, in an intrastate public offering registered with the Texas State Securities Board. This offering is continuing and is being sold only to Texas residents pursuant to an exemption from the 1933 Act contained in Section 3(a)(11) of the 1933 Act and Rule 147 promulgated by the SEC. It is being sold by issuer agents registered with the Texas State Securities Board. Through March 31, 2017, the Company has raised \$9,968,985 and paid commissions of \$964,299 from the sale of 1,993,797 shares in this offering. Proceeds have been used for working capital and the capitalization of a life insurance company subsidiary.

### Item 3. Defaults Upon Senior Securities.

None

### Item 4. Mine Safety Disclosures

None

### Item 5. Other Information

None

### Item 6. Exhibits

31.1 [Rule 13a-14\(a\)/15d-14\(a\) Certification of Principal Executive Officer](#)

31.2 [Rule 13a-14\(a\)/15d-14\(a\) Certification of Principal Financial Officer](#)

32.1 [Section 1350 Certification of Principal Executive Officer](#)

32.2 [Section 1350 Certification of Principal Financial Officer](#)

101.INS\*\* XBRL Instance

101.SCH\*\* XBRL Taxonomy Extension Schema

101.CAL\*\* XBRL Taxonomy Extension Calculation

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101.DEF\*\* XBRL Taxonomy Extension Definition

101.LAB\*\* XBRL Taxonomy Extension Labels

101.PRE\*\* XBRL Taxonomy Extension Presentation

\*\*XBRL Information is furnished and not filed as part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

**SIGNATURES**

In accordance with requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEXAS REPUBLIC CAPITAL CORPORATION  
a Texas corporation

May 15, 2017

By: /s/ Timothy R. Miller  
Timothy R. Miller, President and Chief Executive Officer

May 15, 2017

By: /s/ Thomas F. Kopetic  
Thomas F. Kopetic, Chief Financial Officer

**SIGNATURES**

In accordance with requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEXAS REPUBLIC CAPITAL CORPORATION  
a Texas corporation

May 15, 2017

By: /s/ Timothy R. Miller  
Timothy R. Miller, President and Chief Executive Officer

May 15, 2017

By: /s/ Thomas F. Kopetic  
Thomas F. Kopetic, Chief Financial Officer