

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

RECD S.E.C.

MAR 1 2006

SEC FILE NUMBER  
8- 50401

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/05 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: TSB Securities, INC.

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
3900 North Tenth Street Third Floor  
(No. and Street)

McAllen Texas 78501  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
John A. Martin 956-632-7613  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

KPMG LLP  
(Name - if individual, state last, first, middle name)

700 Louisiana Street Houston Texas 77002  
(Address) (City) (State) (Zip Code)

- CHECK ONE:
- Certified Public Accountant
  - Public Accountant
  - Accountant not resident in United States or any of its possessions.

**PROCESSED**  
**SEP 28 2006**  
**THOMSON FINANCIAL**

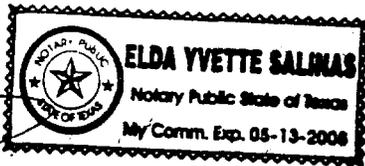
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

*Handwritten initials and date: 9/27*

OATH OR AFFIRMATION

I, Rosalinda Castillo, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TSB Securities, Inc., as of December 31, 20 05, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Rosalinda Castillo  
Signature  
Financial Operations Principal  
Title

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**TSB SECURITIES, INC.**  
(A Wholly Owned Subsidiary of Texas State Bank)

Statements of Financial Condition

December 31, 2005 and 2004

<b>Assets</b>	<u>2005</u>	<u>2004</u>
Cash and cash equivalents	\$ 244,910	204,140
Receivables	16,407	18,031
Due from Parent	133,123	76,255
Furniture, fixtures, and equipment, net of accumulated depreciation of \$16,238 in 2005 and \$12,483 in 2004	10,896	14,651
Other assets	7,025	7,044
	<u>\$ 412,361</u>	<u>320,121</u>
<b>Liabilities and Stockholder's Equity</b>		
Accrued expenses	\$ 26,127	27,106
Stockholder's equity:		
Common stock, \$1 par value. Authorized 1,000,000 shares; issued and outstanding 100,000 shares	100,000	100,000
Paid-in capital	537,659	337,659
Accumulated deficit	(251,425)	(144,644)
Total stockholder's equity	386,234	293,015
Commitments and contingencies (note 9)		
	<u>\$ 412,361</u>	<u>320,121</u>

See accompanying notes to financial statements.