Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3108(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

NOTE: The Annual Report of Holding Companies must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Chad R. Newsom

Name of the Holding Company Director and Officer

Director, VP, Secretary-Treasurer & Vice-Chairman

Title of the Holding Company Director and Official

attest that the Annual Report of Holding Companies (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board’s “Rules Regarding Availability of Information,” 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official

09/09/2019

Date of Signature

For holding companies not registered with the SEC—indicate status of Annual Report to Shareholders:

☐ is included with the FR Y-6 report
☐ will be sent under separate cover
☒ is not prepared

For Federal Reserve Bank Use Only

RSSD ID

C.I.

Is confidential treatment requested for any portion of this report submission? ☐ 0

☐ 1

In accordance with the General Instructions for this report:

☐ 1. a letter justifying this request is being provided along with the report.

☐ 2. a letter justifying this request has been provided separately...

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

Date of Report (top-tier holding company’s fiscal year-end):

December 31, 2018

Month / Day / Year

NA

Reporter’s Legal Entity Identifier (LEI) (20 Character LEI Code)

Reporter’s Name, Street, and Mailing Address

Palmer Bancshares, Inc.

Legal Title of Holding Company

P O Box 820
(Mailing Address of the Holding Company)/Street / P.O. Box

Palmer

Texas

75152

City

State

Zip Code

Physical Location (if different from mailing address)

8045 North Interstate 45

Person to whom questions about this report should be directed:

Dana Q. Tucker

Executive Vice President

Name

Title

972-449-2283

Area Code / Phone Number / Extension

903-845-3001

Area Code / FAX Number
danat@csbpalmer.com

e-mail Address

www.csbpalmer.com

Address (URL) for the Holding Company’s web page

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 9.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.
Palmer Bancshares, Inc.
Palmer, Texas
Fiscal Year Ending December 31, 2018

Report Item 2a

Organization Chart

Palmer Bancshares, Inc.
Palmer, Texas USA
Incorporated in Texas

Commercial State Bank
Palmer, Texas - Main Facility
Palmer, Texas USA
Chartered in Texas

Ferris, Texas - Branch
Ferris, Texas USA
Chartered in Texas

Wilmer, Texas - Branch
Wilmer, Texas USA
Chartered in Texas

LEI: n/a
Report Name: Domestic Branch Listing

Notices: A list of branches for your depository institution: COMMERCIAL STATE BANK (ID_RSSD: 1817564).

This depository institution is held by PALMER BANCSHARES, INC. (J255122) of PALMER, TX.

The data were updated as of 11/14/2018. Data reflects information that was received and processed through 01/06/2019.

Reconciliation and Verification Steps:
1. In the Data Action column of each branch row, enter one or more of the actions specified below.
2. If required, enter the date in the Effective Date column.

Data Action:
- CK: If the branch information is correct, enter "CK" in the Data Action column.
- Change: If the branch information is incorrect or incomplete, revise the data, enter "Change" in the Data Action column and the date when this information became valid in the Effective Date column.
- Delete: If a branch listed was sold or closed, enter "Delete" in the Data Action column and the sale or closure date in the Effective Date column.
- Add: If the branch listed was never owned by this depository institution, enter "Add" in the Data Action column and the opening or acquisition date in the Effective Date column.

- If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure:
- When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
- If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add.

The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application. https://frb.gov/files/fedarcaserv erfahrenment.pdf.

<table>
<thead>
<tr>
<th>Data Action</th>
<th>Effective Date</th>
<th>Branch Services Type</th>
<th>Branch ID, RSSD</th>
<th>Popular Name</th>
<th>Street Address</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
<th>Country</th>
<th>Country</th>
<th>FDIC/UNR/RCB</th>
<th>Office Number</th>
<th>Head Office</th>
<th>Head Office RSSD</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>CK</td>
<td></td>
<td>Full Service</td>
<td>13177955</td>
<td>COMMERCIAL STATE BANK</td>
<td>1445 NORTH INTERSTATE 45</td>
<td>PALMER</td>
<td>TX</td>
<td>75152</td>
<td>EU</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>COMMERCIAL STATE BANK</td>
<td>1817564</td>
<td></td>
</tr>
<tr>
<td>CK</td>
<td></td>
<td>Full Service</td>
<td>1413002</td>
<td>FERNS BRANCH</td>
<td>200 S INTERSTATE HIGHWAY 45</td>
<td>FERNS</td>
<td>TX</td>
<td>75135</td>
<td>EU</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>COMMERCIAL STATE BANK</td>
<td>1817564</td>
<td></td>
</tr>
<tr>
<td>CK</td>
<td></td>
<td>Full Service</td>
<td>3060149</td>
<td>SRM BRANCH</td>
<td>421 EAST BELT LINE ROAD</td>
<td>WILMER</td>
<td>TX</td>
<td>75172-3335</td>
<td>EU</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>COMMERCIAL STATE BANK</td>
<td>1817564</td>
<td></td>
</tr>
</tbody>
</table>
## Report Item 3: Securities Holders

### Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12/31/2018

<table>
<thead>
<tr>
<th>(1)(a)</th>
<th>(1)(b)</th>
<th>(1)(c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name &amp; Address (City, State, Country)</td>
<td>Country of Citizenship or Incorporation</td>
<td>Number and Percentage of Each Class of Voting Securities</td>
</tr>
<tr>
<td>Phillip G. Newsom Ennis, USA Texas USA</td>
<td>USA</td>
<td>14,688 - 62% Common Stock</td>
</tr>
<tr>
<td>Wilma Q. &quot;Sindy&quot; Greenwood Salado, Texas USA</td>
<td>USA</td>
<td>7,000 - 29% Common Stock</td>
</tr>
<tr>
<td>Newsom Family Investment Trust II, Trustees Chad R. Newsom, Matthew S. Newsom, April N. Glenn, &amp; Lorie K. Lee Ennis, Texas, USA</td>
<td>USA</td>
<td>2,244 - 9% Common Stock</td>
</tr>
</tbody>
</table>

### Securities Holders not listed in 3(1)(a) through (3)(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12/31/2018 (but not at fiscal year-end)

<table>
<thead>
<tr>
<th>(2)(a)</th>
<th>(2)(b)</th>
<th>(2)(c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name &amp; Address (City, State, Country)</td>
<td>Country of Citizenship or Incorporation</td>
<td>Number and Percentage of Each Class of Voting Securities</td>
</tr>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
### Report Item 4: Insiders

<table>
<thead>
<tr>
<th>(1) Name &amp; Address (City, State, Country)</th>
<th>(2) Principal Occupation, if other than with holding company</th>
<th>(3)(a) Title/Position with Subsidiaries (including subsidiary name)</th>
<th>(3)(b) Title/Position with Other Businesses (including business name)</th>
<th>(4)(a) Percentage of Voting Securities in Subsidiaries (including subsidiary name)</th>
<th>(4)(b) Percentage of Voting Securities in any other co. (including co. name) if ≥ 25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phillip G. Newsom</td>
<td>Banker</td>
<td>Director, Chairman</td>
<td>Partner, Bobsom Properties LLC, Red Oak, Texas</td>
<td>61% N/A</td>
<td>Partner, Bobsom Properties LLC (50%)</td>
</tr>
<tr>
<td>Ennis, Texas USA</td>
<td></td>
<td>Director, President &amp; CEO Commercial State Bank</td>
<td>Owner, J&amp;N Ranch LLC, Ennis Texas</td>
<td></td>
<td>J&amp;N Ranch LLC (100%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partner, I-45 Property, Palmer, Texas</td>
<td></td>
<td>I-45 Property (33%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partner, PhilMatt Investments, Inc, Ennis, Texas</td>
<td></td>
<td>PhilMatt Investments, Inc (50%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partner, N Bar Properties, LLC, Ennis, Texas</td>
<td></td>
<td>N Bar Properties, LLC (50%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partner, MSPG Properties LLC, Ennis, Texas</td>
<td></td>
<td>MSPG Properties LLC (50%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partner, PMM Properties LLC, Ennis, Texas</td>
<td></td>
<td>PMM Properties LLC (25%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partner, PMB Properties LLC, Ennis, Texas</td>
<td></td>
<td>PMB Properties LLC (25%)</td>
</tr>
<tr>
<td>Name</td>
<td>Occupation</td>
<td>Roles</td>
<td>Partner-Location</td>
<td>Ownership</td>
<td>Notes</td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------------------</td>
<td>----------------------------------------------------------------------</td>
<td>----------------------------------</td>
<td>-----------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Wilma Q. Greenwood,</td>
<td>Retired Banker</td>
<td>Director, Director, Vice-Chairman, &amp; EVP Secretary-Treasurer</td>
<td>null</td>
<td>29%</td>
<td>N/A</td>
</tr>
<tr>
<td>Salado, Texas USA</td>
<td></td>
<td></td>
<td>N/A</td>
<td></td>
<td>Sunset Acres (50%)</td>
</tr>
<tr>
<td>Chad R. Newsom, Palmer,</td>
<td>Banker</td>
<td>Director, Vice-Chairman, &amp; EVP Secretary-Treasurer</td>
<td>null</td>
<td>9%</td>
<td>N/A</td>
</tr>
<tr>
<td>Texas USA</td>
<td></td>
<td></td>
<td>N/A</td>
<td></td>
<td>PhilMatt Investments, Inc (50%)</td>
</tr>
<tr>
<td>Matthew S. Newsom, Ennis,</td>
<td>Rural Land Management</td>
<td>Director, Vice-President</td>
<td>null</td>
<td>9%</td>
<td>N/A</td>
</tr>
<tr>
<td>Texas USA</td>
<td></td>
<td></td>
<td>N/A</td>
<td></td>
<td>N Bar Properties, LLC (50%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
<td></td>
<td>N Bar Heritage (100%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>N/A</td>
<td></td>
<td>MSPG Properties LLC (50%)</td>
</tr>
</tbody>
</table>
Partner, PMM Properties LLC, Ennis, Texas
PMM Properties LLC (25%)  
Partner, PMB Properties LLC, Ennis, Texas
PMB Properties LLC (25%)  
Owner, Rural Land Management, Ennis, Texas
Rural Land Management (100%)  
Partner, VZMV, LLC, Ennis, Texas
N/A  
Partner, III Cardinals LP, Ennis, Texas
N/A

*Note: Chad R. Newsom and Matthew S. Newsom are both Directors and Officers and each have 25% ownership of the Newsom Family Investment Trust II which owns 9% of Palmer Bancshares, Inc.*