

Board of Governors of the Federal Reserve System



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. §§ 3106(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.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

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.

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

December 31, 2018

Month / Day / Year

N/A

Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

South Texas Bancshares, Inc.

Legal Title of Holding Company

P.O. Box 160

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

Shallowater	TX	79363
City	State	Zip Code

One Commerce Park

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Nannette Sherman **Secretary**

Name Title

806-832-4525

Area Code / Phone Number / Extension

806-832-5849

Area Code / FAX Number

nannette@fsbshallowater.com

E-mail Address

N/A

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

I. Ashwin Babaria

Name of the Holding Company Director and Official

Chairman of the Board

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

02/20/2019

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=No	1=Yes
	0

In accordance with the General Instructions for this report (check only one),

- 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."

SOUTH TEXAS BANCSHARES, INC
FR Y-6
REPORT ITEM 2.a
Organizational Chart

SOUTH TEXAS BANCSHARES, INC.
Shallowater, Texas
Fiscal Year Ending December 31, 2018

LEI-254900LRLJWLGRD5A189

|
|
| SOUTH TEXAS BANCSHARES, INC.

Shallowater, Texas
Incorporated in Texas

|
|
| 100% OWNERSHIP
|
| V

LEI-N/A

|
|
| FIRST STATE BANK
| SHALLOWATER, TEXAS

|
| Shallowater, Texas
| Incorporated in Texas

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

<hr/> Legal Title of Subsidiary Holding Company <hr/> <hr/> (Mailing Address of the Subsidiary Holding Company) Street / P.O. Box <hr/> <hr/> City _____ State _____ Zip Code _____ <hr/> <hr/> Physical Location (if different from mailing address) <hr/> <hr/>	<hr/> Legal Title of Subsidiary Holding Company <hr/> <hr/> (Mailing Address of the Subsidiary Holding Company) Street / P.O. Box <hr/> <hr/> City _____ State _____ Zip Code _____ <hr/> <hr/> Physical Location (if different from mailing address) <hr/> <hr/>
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SOUTH TEXAS BANCSHARES, INC
FR Y-6
REPORT ITEM 2.a
Organizational Chart

SOUTH TEXAS BANCSHARES, INC.
Shallowater, Texas
Fiscal Year Ending December 31, 2018

LEI-N/A
|

| SOUTH TEXAS BANCSHARES, INC.
|

| Shallowater, Texas
| Incorporated in Texas
|

|
|
| 100% OWNERSHIP
|
| V
|

LEI-N/A
|

| FIRST STATE BANK
| SHALLOWATER, TEXAS
|

| Shallowater, Texas
| Incorporated in Texas
|

SOUTH TEXAS BANCSHARES, INC.
ANNUAL REPORT Y-6
ITEM 3, Securities Holders

Shareholder	Country of Citizenship	# Common Shares	% of Shares owned
Ashwin Babaria Southlake, Texas	U.S.A.	30,360	23.00%
Dhirajlal J. Babaria Southlake, Texas	U.S.A.	29,040	22.00%
Dilip R. Shah Dallas, Texas	U.S.A.	13,200	10.00%
Bharat T. Sutaria Hampstead, Texas	U.S.A.	11,880	9.00%
Dalpat Babaria Irving, Texas	U.S.A.	11,880	9.00%
John Helms Dallas, Texas	U.S.A.	2,640	2.00%
Jasmat Sutaria Plano, Texas	U.S.A.	13,200	10.00%
Manu J. Babaria Plano, Texas	U.S.A.	11,880	9.00%
Jaya Babaria Southlake, Texas	U.S.A.	7,920	6.00%
TOTALS		132,000	100.00%

SOUTH TEXAS BANCSHARES, INC.
ANNUAL REPORT Y-6
ITEM 3(2), Securities Holders

Shareholders not listed in 3(1) who owned 5% or more equity during the fiscal year.

N/A

SOUTH TEXAS BANCSHARES, INC.
ITEM 4. INSIDERS

SOUTH TEXAS BANCSHARES, INC.
FISCAL YEAR ENDING DECEMBER 31, 2018

List of names of other companies (include partnerships if 25% or more of voting securities are held(list names of companies and percentages of voting securities held)

Name, City, State, Country, Date of Birth	Principal Occupation if other than with Bank Holding Company	Title & Position with Bank Holding Company	Title & Position with Subsidiaries (include name of Subsidiaries)	Title & Position with other businesses (include names of other businesses)	Percentage of voting shares in Bank Holding Company	Percentage of voting shares in Subsidiaries include name	Other companies (include partnerships if 25% or more of voting securities are held(list names of companies and percentages of voting securities held)
Ashwin Babaria (A.J. Babaria) Southlake, Texas, USA	Circuit Board Manufacturer	Chairman of Board and President	Director (First State Bank)	CFO SVTRONICS	23%	N/A	SVTRONICS Inc. 25% G.D. Holdings Inc. 50% AJB Partners, LP 25% ELP Suncity 32.50% AJDNS Capital Investment,LLC 29%
Dhirajlal J. Babaria Southlake, Texas, USA	Circuit Board Manufacturer	Director/Secretary	Director (First State Bank)	COO North Texas Cit	22%	N/A	SVTRONICS, Inc. 25% G.D. Holdings, Inc. 50% AJB Partners, LP 25% ELP Suncity 32.50% AJDNS Capital Investments 29.40%
Dilip Shah Dallas, Texas, USA	Travel Agent	Director	Director (First State Bank)	GM Travel King Intern	10%	N/A	Travel Kind International 100%
John Helms Dallas, Texas, USA	Truck Shipping	Director	Director (First State Bank)	President Allian Indus	2%	N/A	Allian Ind. Inc 78% Allian Investments, Inc 78% Callahan Land Company 50% R2J 25% CHM 33%
Jasmat Sulania Plano, Texas, USA	Circuit Board Manufacturer	Director	Director (First State Bank)	VP SVTronics VP OEM Solutions	10%	N/A	SVTRONICS, Inc. 25% AJB Partners, LP 25%
Jaya Babaria Southlake, Texas, USA	Circuit Board Manufacturer	Director	Director (First State Bank)	VP SVTronics	6%	N/A	N/A
Dalpat Babaria SouthLake Texas, USA	Circuit Board Manufacturer	Shareholder	None	None	9%	N/A	N/A
Manu J Babaria Southlake Texas, USA	Retired Circuit Board Manufacturer	Shareholder	None	None	9%	N/A	N/A
Bharat T. Sutaria Parker Texas, USA	Circuit Board Manufacturer	Shareholder	None	None	9%	N/A	SVTRONIC, INC. 25%

SOUTH TEXAS BANCSHARES, INC.
(Parent Only)

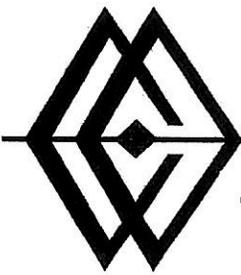
FINANCIAL STATEMENTS

December 31, 2018



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Mason Warner & Co. P.C.

Certified Public Accountants / Consultants

To Management
South Texas Bancshares, Inc.
Shallowater, Texas

Management is responsible for the accompanying financial statements of South Texas Bancshares, Inc. (an S corporation), which comprise the balance sheet as of December 31, 2018, and the related statements of income and comprehensive income, changes in stockholders' equity, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that wholly owned subsidiaries be consolidated with parent companies for financial reporting purposes. The Company's investment in First State Bank Shallowater, a wholly owned subsidiary, is presented under the equity method of accounting rather than being consolidated. Accordingly, intercompany balances and transactions have not been eliminated. Use of the equity method rather than consolidation is to reflect regulatory filing and information requirements. This departure from accounting principles generally accepted in the United States of America has no effect on the net income and stockholders' equity at the end of the period, in that these items are generally the same under either method. However the details reported in the financial statements under the two methods differ.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Mason, Warner & Company, P.C.

Lubbock, Texas
February 4, 2019

SOUTH TEXAS BANCSHARES, INC. (Parent Only)
BALANCE SHEET
December 31, 2018

ASSETS

CURRENT ASSETS

Cash \$ 7,092

OTHER ASSETS

Investment in subsidiary 15,174,310

Goodwill 2,645,560

17,819,870

\$ 17,826,962

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Note payable - Citizens Bank \$ 160,000

LONG TERM LIABILITIES

Note payable - Citizens Bank 750,000

STOCKHOLDERS' EQUITY

Common stock, no par value, 1,000,000 shares authorized,
132,000 shares issued and outstanding 6,600,000

Additional Paid in Capital 60,993

Retained earnings 10,387,501

Accumulated other comprehensive income (loss) (131,532)

16,916,962

\$ 17,826,962

See accountants' report

SOUTH TEXAS BANCSHARES, INC. (Parent Only)
STATEMENT OF INCOME AND COMPREHENSIVE INCOME
Year Ended December 31, 2018

INCOME	
Dividends from subsidiary	\$ 1,137,941
EXPENSES	
Accounting and legal	11,125
Interest Expense	45,643
	<u>56,768</u>
INCOME (LOSS) BEFORE EQUITY IN UNDISTRIBUTED EARNINGS OF SUBSIDIARY	1,081,173
Equity in undistributed earnings (losses) of subsidiary	<u>1,524,066</u>
NET INCOME	2,605,239
OTHER COMPREHENSIVE INCOME	
Unrealized holding gains (losses) on securities of subsidiary arising during the period	<u>(67,584)</u>
TOTAL COMPREHENSIVE INCOME	\$ <u><u>2,537,655</u></u>

See accountants' report.

SOUTH TEXAS BANCSHARES, INC. (Parent Only)
 STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
 Year Ended December 31, 2018

	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2017	\$ 6,600,000	\$ -	\$ 8,765,554	\$ (63,948)	\$ 15,301,606
Net Income			2,605,239		2,605,239
Capital Contributed		60,993			60,993
Stockholder Distributions			(983,292)		(983,292)
Unrealized gain (loss) on available- for-sale securities of subsidiary				(67,584)	(67,584)
Balance at December 31, 2018	\$ 6,600,000	\$ 60,993	\$ 10,387,501	\$ (131,532)	\$ 16,916,962

See accountants' report.

SOUTH TEXAS BANCSHARES, INC. (Parent Only)
 STATEMENT OF CASH FLOWS
 Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 2,605,239
Adjustments to reconcile net income to net cash provided by operating activities	
(Income) Loss from equity method subsidiary	<u>(1,524,066)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,081,173
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of notes payable	(170,000)
Additional Paid in Capital	60,993
Stockholder distributions	<u>(983,292)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(1,092,299)</u>
NET INCREASE (DECREASE) IN CASH	(11,126)
CASH AT BEGINNING OF PERIOD	<u>18,218</u>
CASH AT END OF PERIOD	<u>\$ 7,092</u>
SUPPLEMENTAL DISCLOSURES	
Cash paid during the period for interest	\$ 45,643

See accountants' report.

SOUTH TEXAS BANCSHARES, INC.
Total Consolidated Assets
December 31, 2018

Holding company assets:

Cash	-	Consolidating elimination
Goodwill	2,645,560	
Prepaid income tax		
Unamortized loan origination fees	-	
	<u>2,645,560</u>	

Bank assets:

Total assets per daily statement of condition	112,292,238	
Less: goodwill	<u>(2,645,560)</u>	Consolidating elimination
	<u>109,646,678</u>	

Total Consolidated Assets 112,292,238

Results: A list of branches for your holding company: SOUTH TEXAS BANCSHARES, INC. (3361506) of SHALLOWATER, TX. The data are as of 12/31/2018. 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

Actions

OK: If the branch information is correct, enter 'OK' 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 first became valid in the Effective Date column.
 Close: If a branch listed was sold or closed, enter 'Close' in the Data Action column and the sale or closure date in the Effective Date column.
 Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the Data Action column.
 Add: If a reportable branch is missing, insert a row, add the branch data, and 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://y10online.federalreserve.gov>.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK	12/31/2018	Full Service (Head Office)	524766	FIRST STATE BANK	1 COMMERCE PARK	SHALLOWATER	TX	79363	LUBBOCK	UNITED STATES	Not Required	Not Required	FIRST STATE BANK	524766	
OK	12/31/2018	Full Service	359856	AMHERST BRANCH	1001 MAIN STREET	AMHERST	TX	79312	LAMB	UNITED STATES	Not Required	Not Required	FIRST STATE BANK	524766	