

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

I, **B. Gooding**

Name of the Holding Company Director and Official

**President**

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

*[Handwritten Signature]*  
 03-22-2019

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. \_\_\_\_\_

**Cypress Bancshares, Inc.**

Legal Title of Holding Company

**PO Box 849**

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

**Pittsburg TX 75686**

City State Zip Code

**120 S Greer Blvd, Pittsburg, Texas 75686**

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

**Shelley Brown SVP/Controller**

Name Title

**903-856-6653 2126**

Area Code / Phone Number / Extension

**903-856-5822**

Area Code / FAX Number

**sbrown@cypressbanktx.com**

E-mail Address

N/A

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

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),

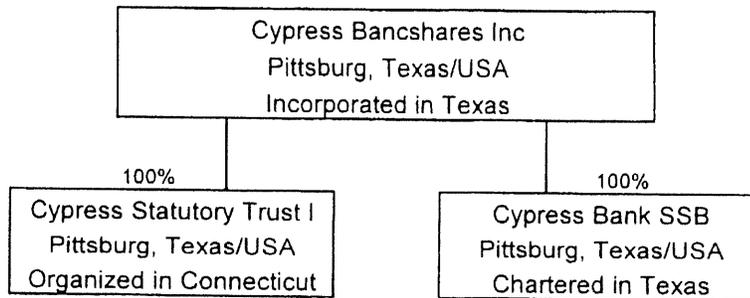
- 1. a letter justifying this request is being provided along with the report
- 2. a letter justifying this request has been provided separately ...

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

## 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.*

Legal Title of Subsidiary Holding Company	Legal Title of Subsidiary Holding Company
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box	(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box
City State Zip Code	City State Zip Code
Physical Location (if different from mailing address)	Physical Location (if different from mailing address)
Legal Title of Subsidiary Holding Company	Legal Title of Subsidiary Holding Company
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City State Zip Code	City State Zip Code
Physical Location (if different from mailing address)	Physical Location (if different from mailing address)



No entity has a LEI number.



Cypress  
Bancshares, Inc.

Annual Shareholder Meeting  
April 17, 2019



# Cypress Bancshares, Inc.

March 15, 2019

Dear Fellow Shareholders and Friends:

I am pleased to announce the Annual Meeting of Shareholders will be held at 4:30 p.m., April 17, 2019 at our main office, located at 120 S. Greer Blvd in Pittsburg. During the meeting, we will discuss and vote on matters described in the enclosed Notice of Annual Meeting and Proxy Statement.

Included with this letter, you will find a copy of our 2018 audited financial report. The report reflects total capital at December 31, 2018 of \$17,279,863 and total assets of \$187,637,442. A copy of the 2018 audited financial report, in its entirety, will be available at the meeting.

Earnings for 2018 stood at \$1,604,857, as compared to \$1,061,760 in 2017. Our 2018 earnings were enhanced by an increase of \$2,739,400 in loans and investments and the lower tax rate, as a result of the U.S. Tax Cuts and Jobs Act passed in 2017.

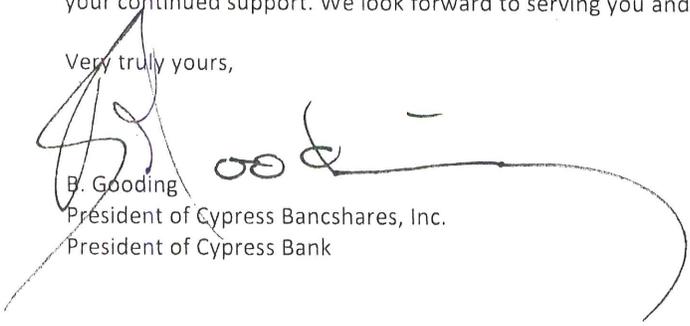
The book value of Bancshares' stock stood at \$49.82 on a GAAP basis, as of December 31, 2018. This represents a 7.6% increase from the prior year and a company record, high book value. In addition, our directors approved a \$.20 increase of our annual dividend to \$.50 per share, paid this past September, equating to a total return of 8.80% for the year.

Our staff continues to strive to provide the best customer service available. We are investing in our staff and product line to make the banking experience more convenient for our customers. Technology is transforming financial services and fundamentally changing the relationship that people have with their bank. We have recently updated our website and banking online products. We have added instant issue debit cards, providing our customers with a wide variety of choices and quick customer service.

The most exciting news on our horizon is the purchase of land on South Jefferson Avenue ( South Highway 271) Mt. Pleasant, which was acquired in August. Construction of a new branch office is expected to begin mid-2019. In addition, the bank acquired land in Diana, Texas, in March of this year for future expansion into the fast-growing Longview market. No matter where our growth takes us, our community mission of supporting home ownership and economic growth in our markets continues. Cypress still believes a relationship is more than an account number. Whether it is supporting our local schools, hospice and habitat organizations or participating at the local level in civic organizations, Cypress continues to support our markets by giving back to the communities we serve.

On behalf of our board of directors, officers and employees of Cypress Bancshares, Inc., I wish to thank you for your continued support. We look forward to serving you and our community needs for years to come.

Very truly yours,



B. Gooding  
President of Cypress Bancshares, Inc.  
President of Cypress Bank

## CYPRESS BANCSHARES PRICE PER SHARE

	June 17	Sept 17	Dec 17	Mar 18	Jun 18	Sept 18	Dec 18
Total Shares	15,659,684	15,941,741	16,054,699	16,250,816	16,699,145	16,876,357	17,279,868
	346,846	346,846	346,846	346,846	346,846	346,846	346,846
<b>GAAP Price/Share</b>	<b>\$ 45.15</b>	<b>\$ 45.96</b>	<b>\$ 46.29</b>	<b>\$ 46.85</b>	<b>\$ 48.15</b>	<b>\$ 48.66</b>	<b>\$ 49.82</b>
Less Intangibles	206,520	206,520	206,520	206,520	206,520	206,520	206,520
	15,453,164	15,735,221	15,848,179	16,044,296	16,492,625	16,669,837	17,073,348
<b>Tier 1 Capital Price/Share</b>	<b>\$ 44.55</b>	<b>\$ 45.37</b>	<b>\$ 45.69</b>	<b>\$ 46.26</b>	<b>\$ 47.55</b>	<b>\$ 48.06</b>	<b>\$ 49.22</b>





# Cypress Bank

[www.CYPRESSBANKTX.COM](http://www.CYPRESSBANKTX.COM)



FITZPATRICK  
ARCHITECTS



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Spring 2020*

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NEW BUILDING**

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Mt. Pleasant**



**Mt. Pleasant 903-572-9856 • Pittsburg 903-856-6653 • Lone Star 903-656-3474 • Commerce 903-886-7425**



Member  
**FDIC**

NOTICE OF ANNUAL MEETING OF THE  
SHAREHOLDERS OF  
CYPRESS BANCSHARES, INC  
PITTSBURG, TEXAS

To Our Shareholder:

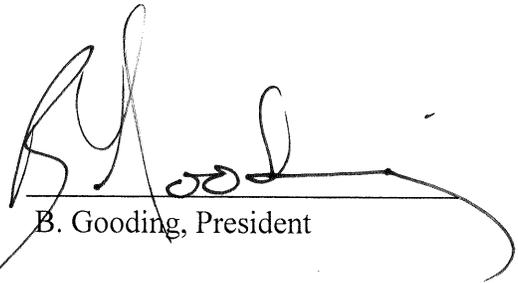
You are hereby notified that an annual meeting of the shareholders will be held on **April 17, 2019 at 4:30 p.m.** at the home office located at 120 S. Greer Blvd., Pittsburg, Texas for the purpose of considering and acting on the following proposals:

1. To fix the number of directors of the Corporation at nine (9) for the ensuing year.
2. To elect four (4) directors of the Corporation.
3. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has carefully considered the above proposals and believe that they are in the best interest of the Corporation's shareholders. THE BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF THE PROPOSALS. Unless otherwise directed, proxies will be voted in favor of the proposals.

Copies of this Notice of Annual Meeting of Shareholders, the related Proxy Statement, and the enclosed form of proxy are being mailed on or before **March 28, 2019**. A list of shareholders entitled to vote at the meeting will be available for inspection by the shareholder at the home office of the bank at 120 S. Greer Blvd., Pittsburg, Texas during normal business hours for a period beginning two days after the notice of meeting is given.

**Dated: March 28, 2019**



B. Gooding, President

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING IN PERSON, PLEASE COMPLETE, DATE, AND SIGN THE ENCLOSED PROXY AND RETURN IT IN THE ACCOMPANYING ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. THIS PROXY IS REVOCABLE AT ANY TIME BEFORE IT IS VOTED AT THE MEETING.

## PROXY STATEMENT

CYPRESS BANCSHARES, INC.  
PITTSBURG, TEXAS

ANNUAL MEETING OF SHAREHOLDERS  
To Be Held **April 17, 2019**

### Introduction

The following statement is furnished in connection with the solicitation by the Board of Directors of Cypress Bancshares, Inc., herein referred to as the Corporation, of proxies to be used at the Annual Meeting of Shareholders of the Corporation to be held at the hour of **4:30 p.m. on April 17, 2019**, at the home office of Cypress Bank, SSB located at 120 S. Greer Blvd., Pittsburg, Texas, and at any adjournments thereof (the "Meeting").

THE BOARD OF DIRECTORS OF THE CORPORATION BELIEVES THAT THE PROPOSALS ARE IN THE BEST INTEREST OF THE SHAREHOLDERS OF THE CORPORATION AND RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR APPROVAL OF THE PROPOSALS.

Shareholders of record at the close of business on **March 22, 2019**, will be entitled to notice of and to vote at the Meeting. At that date, there were issued and outstanding **346,846** shares of the Corporation's capital stock, the holders of which are entitled to vote as discussed in "Proxy Voting".

#### I.

A form of proxy is enclosed for use at the meeting. The proxy may be revoked by the shareholder at any time before it is exercised, either by written notice received by the Corporation prior to exercise or upon request of the shareholder made in person. If a shareholder shall execute two or more valid proxies, the proxy bearing the most recent date will be honored. All shares represented by valid proxies received pursuant to this solicitation will be voted at the annual meeting if not revoked prior to exercise. Where the shareholder specifies, by means of the proxy, a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the specifications as made.

The entire cost of solicitation will be at the expense of the Corporation. The Corporation may use its corporate Secretary and the regular employees of Cypress Bank to solicit proxies from the shareholders either personally or by telephone or by special letter.

Each share of stock is entitled to one vote, and all shares vote together for the election of directors. Shareholders have voting rights with respect to the election of directors, and may exercise such rights either in person or by proxy. There are no conditions precedent to the exercise of the right to cumulate votes. Cumulative voting allows a shareholder to give one nominee as many votes as the

product of the number of directors to be elected multiplied by the number of shares of capital stock owned by him or he may distribute such total among as many candidates as he shall deem appropriate. For all other purposes, such Shareholder will be entitled to one (1) vote for each share of capital stock owned.

The purpose of the meeting of the shareholders is to fix the number of directors to serve on the Board of Directors for the ensuing year and to elect three (3) directors to serve on the Board of Directors of the Corporation for three year terms, and to elect one (1) director to serve a one year term. This is to rebalance the cycle of the board members terms. Also to authorize the Board of Directors to take all other action necessary on any other matters which should properly come before the meeting or any adjournments thereof.

## PROPOSAL ONE

### Number of Directors

The Bylaws of the Corporation require the shareholders, at the annual shareholders meeting, to fix the number of directors to serve on the Board of Directors for the ensuing year. It is recommended by the Board of Directors that the Corporation should have nine (9) directors for the ensuing year.

The Board of Directors of the Corporation recommends a vote "FOR" this proposal.

## PROPOSAL TWO

### Election of Directors

Approximately one-third (1/3) of the directors will be elected annually to serve for three-year terms and until their respective successors shall have been elected and shall qualify. At this meeting, three (3) persons have been nominated by the Board of Directors to serve three year terms and one (1) person has been nominated by the Board of Directors to serve one year term and until their successors have been elected and qualified, with terms continuing to the next annual meeting.

It is intended each proxy solicited on behalf of the Board of Directors will be voted only for the election of the designated nominees. At this time, the Board of Directors knows of no reason why any nominee might be unavailable to serve, but if such should occur before the meeting, the proxies will be voted in the discretion of the holder thereof for a substitute nominee, or the bylaws will be amended to reduce the number of directors to eliminate any vacancies.

The names of the nominees for election to the Board of Directors, the principal occupation of employment of each nominee for the last year or longer, and the expiration dates of the director's terms for which such persons are nominated are as follows:

<u>Name</u>	<u>Principal Occupation</u>	<u>Term as Director to Expire</u>
<b>David Lake</b>	<b>Attorney</b>	<i>3 year term to expire 2022</i>
<b>Danny Duncan</b>	<b>Insurance Agency - Owner</b>	<i>3 year term to expire 2022</i>
<b>Larry Shrum</b>	<b>Retired – Real Estate Investor</b>	<i>3 year term to expire 2022</i>
<b>B Gooding</b>	<b>Bank President</b>	<i>1 year term to expire 2020</i>

The Corporation's Board of Directors recommends a vote "FOR" the election of the above-named persons or directors.

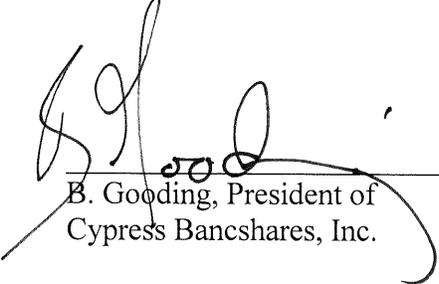
### PROPOSAL THREE

#### Authority to Take Action on Other Matters

The Board of Directors knows of no other matters which properly may be presented at the meeting, but if other matters do properly come before the meeting, by voting for this proposal, it is intended that the persons named in the proxy will vote according to their best judgment.

The Corporation's Board of Directors recommends a vote "FOR" the authorization of the Board of Directors to take action as they deem proper in connection with any new business that may properly come before the meeting.

**Date: March 28, 2019**



\_\_\_\_\_  
 B. Gooding, President of  
 Cypress Bancshares, Inc.

# REVOCABLE PROXY

FOR SHARES OF  
CYPRESS BANCSHARES, INC.

## SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned appoint(s) Jan Branch as the proxy for the undersigned, with power of substitution, to vote and otherwise represent all of the shares of the undersigned at the Annual Meeting of the Shareholder of the Corporation to be held **April 17, 2019**, and any adjournments thereof (the "Meeting"), with the same effect as if the undersigned were present and voting the shares on the following manner:

1. To fix the number of directors of the Corporation at nine (9) for the ensuing year.

For ( )                      Against ( )                      Abstain ( )

2. To elect, as directors, all nominees listed below (except as marked to the contrary).

For ( )                      Against ( )                      Abstain ( )

INSTRUCTIONS: To withhold your vote for any individual nominee, strike a line in the nominee's name in the list below:

David Lake	-	3 year term
Danny Duncan	-	3year term
Larry Shrum	-	3 year term
B Gooding	-	1 year term

3. To vote or otherwise represent the shares on any other business or on other matters which should properly come before the Meeting according to their decision.

For ( )                      Against ( )                      Abstain ( )

The Board of Directors recommends a vote "FOR" all of the proposals and each of the nominees for director listed herein. THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS MADE. IF NO SPECIFICATION IS MADE, THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED FOR EACH OF THE ABOVE PERSONS AND PROPOSALS. IF ANY OTHER BUSINESS IS PRESENTED AT SUCH MEETING, THIS PROXY WILL BE VOTED BY THOSE NAMED IN THIS PROXY IN THEIR BEST JUDGMENT. AT THE PRESENT TIME, THE BOARD OF DIRECTORS KNOWS OF NO OTHER BUSINESS TO BE PRESENTED AT THE MEETING.

Should the undersigned be present and elect to vote at the Meeting, and after notification to the Corporate Secretary of the Corporation at the Meeting of shareholder's decision to terminate this proxy, then the power of said attorneys and proxies shall be deemed terminated and of no further force and effect.

The undersigned acknowledges receipt of the Notice of Annual Meeting of Shareholders and Proxy Statement, each dated **March 28, 2019**.

Date Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

NOTE: Please vote, date, and then sign your name as it appears on your stock certificate. When signing as attorney, executor, administrator, trustee or guardian, please give full title. If more than one trustee, all should sign. All joint owners must sign.

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PLEASE COMPLETE, DATE, SIGN AND MAIL THIS PROXY PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

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# NOTICE TO SHAREHOLDERS

Portions of our audited financial statements are included with the Notice of Shareholder Meeting. A copy of the complete report as prepared by our independent auditors is available upon request at no charge for the first copy.

Your request should be directed to the attention of:

Shelley Brown  
SVP of Operations / Controller  
Cypress Bank, SSB  
120 S. Greer Blvd.  
Pittsburg, Texas 75686  
(903) 856-6653

Disclaimer: "This statement has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation."

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Cypress Bancshares Inc. and Subsidiaries  
Pittsburg, Texas

We have audited the accompanying consolidated financial statements of Cypress Bancshares, Inc. and Subsidiaries, which comprise the consolidated statements of financial condition as of December 31, 2018 and 2017, and related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion the consolidated financial statements referred to above present fairly in all material respects, the financial position of Cypress Bancshares, Inc. and Subsidiaries as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lufkin, Texas  
March 20, 2019

  
CERTIFIED PUBLIC ACCOUNTANTS

CYPRESS BANCSHARES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	DECEMBER 31,	
	2018	2017
<b>ASSETS</b>		
Cash and due from banks	\$ 2 215 050	\$ 1 966 594
Interest-bearing deposits in other banks	3 880 691	9 337 915
TOTAL CASH AND CASH EQUIVALENTS	6 095 741	11 304 509
Interest-bearing time deposits	-	498 000
Investment Securities:		
Securities available for sale	9 534 753	9 990 431
Securities held to maturity	34 496 470	32 356 811
TOTAL INVESTMENT SECURITIES	44 031 223	42 347 242
Loans receivable, net	129 293 335	128 020 717
Residential real estate acquired in settlement of loans	-	14 889
Accrued interest receivable	878 390	895 061
Office properties and equipment, net	3 155 646	2 090 621
Federal Home Loan Bank stock	738 400	946 800
Cash value of life insurance	2 427 535	2 369 403
Goodwill	206 520	206 520
Deferred tax asset	547 146	416 955
Other assets	263 506	228 208
TOTAL ASSETS	\$ 187 637 442	\$ 189 338 925
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Noninterest-bearing	\$ 20 684 037	\$ 18 201 294
Interest bearing	129 698 037	131 594 789
TOTAL DEPOSITS	150 382 074	149 796 083
Advances from Federal Home Loan Bank	14 963 404	18 446 364
Junior subordinated debt	2 870 000	3 061 000
Advances from borrowers for taxes and insurance	170 520	124 917
Accrued interest payable	98 681	58 624
Other liabilities	1 872 900	1 797 898
TOTAL LIABILITIES	170 357 579	173 284 886
Stockholders' Equity:		
Common stock, \$3 par value, 750,000 shares authorized; 346,846 and 346,846 shares issued and outstanding	1 040 538	1 040 538
Additional paid-in capital	5 700 607	5 700 607
Retained earnings	10 732 971	9 301 538
Accumulated other comprehensive income (loss)	(194 253)	11 356
TOTAL STOCKHOLDERS' EQUITY	17 279 863	16 054 039
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 187 637 442	\$ 189 338 925

The accompanying notes are an integral part of these statements.

CYPRESS BANCSHARES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

	YEARS ENDED DECEMBER 31,	
	2018	2017
Interest and Dividend Income:		
Loans:		
First mortgage loans	\$ 5 301 084	\$ 5 300 319
Consumer and other loans	1 814 565	1 715 207
Interest on Investment Securities:		
Taxable	980 352	755 362
Exempt from Federal income tax	351 781	149 102
Other interest and dividends	134 254	90 928
TOTAL INTEREST AND DIVIDEND INCOME	8 582 036	8 010 918
Interest Expense:		
Deposits	1 350 363	1 017 595
Advances from Federal Home Loan Bank	532 328	636 040
Junior subordinated debt	117 056	96 898
TOTAL INTEREST EXPENSE	1 999 747	1 750 533
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	6 582 289	6 260 385
Provision for losses on loans	107 924	123 874
NET INTEREST INCOME AFTER PROVISION FOR LOSSES ON LOANS	6 474 365	6 136 511
Noninterest Income:		
Service charge on deposit accounts	796 810	785 600
Loan late charges	253 137	268 203
Gain on sale of loans	41 909	40 523
Gain (loss) on sale of investments	-	(16 326)
Other income	122 650	97 092
TOTAL NONINTEREST INCOME	1 214 506	1 175 092
Noninterest Expense:		
Salaries and employee benefits	3 547 224	3 316 169
Occupancy and equipment	573 606	569 020
FDIC deposit insurance premium	55 908	55 604
Data processing	375 748	344 067
Directors fees	205 527	230 742
Advertising	136 029	133 854
Other	849 165	735 022
TOTAL NONINTEREST EXPENSE	5 743 207	5 384 478
INCOME BEFORE PROVISION FOR FEDERAL INCOME TAXES	1 945 664	1 927 125
Provision for Federal income taxes	340 807	865 365
NET INCOME	\$ 1 604 857	\$ 1 061 760

The accompanying notes are an integral part of these statements.

CYPRESS BANCSHARES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	FOR THE YEARS ENDED DECEMBER 31,	
	2018	2017
NET INCOME	\$ 1 604 857	\$ 1 061 760
Other Comprehensive Income Adjustments:		
Unrealized Gains on Securities:		
Unrealized holding gains (losses) arising during the period, net of \$(54,655) and \$39,469 for tax	(205 609)	75 932
Reclassification adjustment for losses (gains) realized, net of income taxes of \$-0- in 2018 and \$(353) in 2017	-	685
OTHER COMPREHENSIVE INCOME ADJUSTMENTS	(205 609)	76 617
COMPREHENSIVE INCOME	\$ 1 399 248	\$ 1 138 377

The accompanying notes are an integral part of these statements.

CYPRESS BANCSHARES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
For the Years Ended December 31, 2018 and 2017

	<u>COMMON STOCK</u>		<u>ADDITIONAL</u>	<u>RETAINED</u>
	<u>SHARES</u>	<u>PAR VALUE</u>	<u>PAID IN CAPITAL</u>	<u>EARNINGS</u>
Balance at December 31, 2016	346 846	\$ 1 040 538	\$ 5 700 607	\$ 8 343 834
Comprehensive Income:				
Net income	-	-	-	1 061 760
Other comprehensive income	-	-	-	-
Dividends paid \$0.30 per share on common stock	-	-	-	(104 056)
Balance at December 31, 2017	346 846	1 040 538	5 700 607	9 301 538
Comprehensive Income:				
Net income	-	-	-	1 604 857
Other comprehensive income	-	-	-	-
Dividends paid \$.50 per share on common stock	-	-	-	(173 424)
Balance at December 31, 2018	<u>346 846</u>	<u>\$ 1 040 538</u>	<u>\$ 5 700 607</u>	<u>\$ 10 732 971</u>

The accompanying notes are an integral part of these statements.

ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
\$ (65 261)	\$ 15 019 718
-	1 061 760
76 617	76 617
<u>-</u>	<u>(104 056)</u>
11 356	16 054 039
-	1 604 857
(205 609)	(205 609)
<u>-</u>	<u>(173 424)</u>
\$ <u>(194 253)</u>	\$ <u>17 279 863</u>

CYPRESS BANCSHARES, INC. AND SUBSIDIARIES  
CONSOLIDATING STATEMENT OF FINANCIAL CONDITION  
December 31, 2018

	CYPRESS BANCSHARES, INC.	CYPRESS BANK S.S.B.	ELIMINATING ENTRIES	CONSOLIDATED TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 86 608	\$ 6 095 741	\$ (86 608)	\$ 6 095 741
Interest-bearing time deposits	-	-	-	-
Securities available for sale	-	9 534 753	-	9 534 753
Securities held to maturity	-	34 496 470	-	34 496 470
Loans receivable, net	-	129 293 335	-	129 293 335
Residential real estate acquired in loan settlement	-	-	-	-
Investment in subsidiary	19 978 255	-	(19 978 255)	-
Accrued interest receivable	-	878 390	-	878 390
Office properties and equipment, net	-	3 155 646	-	3 155 646
Federal Home Loan Bank stock	-	738 400	-	738 400
Cash value of life insurance	-	2 427 535	-	2 427 535
Goodwill	-	206 520	-	206 520
Deferred tax asset	-	547 146	-	547 146
Other assets	85 000	178 506	-	263 506
<b>TOTAL ASSETS</b>	<b>\$ 20 149 863</b>	<b>\$ 187 552 442</b>	<b>\$ (20 064 863)</b>	<b>\$ 187 637 442</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Deposits	\$ -	\$ 150 468 682	\$ (86 608)	\$ 150 382 074
Advances from Federal Home Loan Bank	-	14 963 404	-	14 963 404
Junior subordinated debt	2 870 000	-	-	2 870 000
Advances from borrowers for taxes and insurance	-	170 520	-	170 520
Accrued interest payable	-	98 681	-	98 681
Other liabilities	-	1 872 900	-	1 872 900
<b>TOTAL LIABILITIES</b>	<b>2 870 000</b>	<b>167 574 187</b>	<b>(86 608)</b>	<b>170 357 579</b>
Stockholders' Equity:				
Common stock	1 040 538	1 028 976	(1 028 976)	1 040 538
Additional paid-in capital	5 700 607	3 702 155	(3 702 155)	5 700 607
Retained earnings	10 732 971	15 441 378	(15 441 378)	10 732 971
Accumulated other comprehensive income	(194 253)	(194 254)	194 254	(194 253)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>17 279 863</b>	<b>19 978 255</b>	<b>(19 978 255)</b>	<b>17 279 863</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 20 149 863</b>	<b>\$ 187 552 442</b>	<b>\$ (20 064 863)</b>	<b>\$ 187 637 442</b>

See independent auditors' report on additional information.

**Form FR Y-6**  
**Legal Title of Holding Company**  
**Fiscal Year Ending December 31, 2018**

**Report Item 3: Securities holders**

(1)(a)(b)(c) and (2)(a)(b)(c)

Current securities holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2018

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

(1)(a) Name, City, State, Country	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities	
Gary Y. Bicknell Pittsburg, Texas, USA	USA	19,600	5.65% Common Stock
David A. Lake Tyler, Texas, USA	USA	99,651	28.73% Common Stock
Karen Jo Lange Pittsburg, Texas, USA	USA	23,290	6.71% Common Stock
Jennifer Scudder Pittsburg, Texas, USA	USA	23,265	6.71% Common Stock
Evanne Pilgrim * Pittsburg, Texas, USA	USA	17,826	5.15% Common Stock
Hal Pilgrim * Longview, Texas	USA	15,427	4.46% Common Stock
Paulette Rolston * Mt. Pleasant, Texas	USA	15,576.50	4.50% Common Stock

(2)(a) Name, City, State, Country	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities
		N/A

\* The ownership interest of Hal Pilgrim and Paulette Rolston are herewith reported as they may be considered to be acting in concert with their sister Evanne Pilgrim

Report Item 4: Insiders

(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

Form FR Y-6  
 Legal Title of Holding Company  
 Fiscal Year Ending December 31, 2018

(1) Name, City, State, Country	(2) Principal Occupation if other than with Holding Company	(3)(a) Title & Position with Holding Company	(3)(b) Title & Position with Subsidiaries (Cypress Bank, SSB)	(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Shares in Bank Holding Company	4(b) Percentage of shares in subsidiaries	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securi- ties are held (List names of companies and percentage of voting securities held)	
Gary Y. Bicknell Pittsburg, TX, USA	Bank Chairman/Rancher	Director	Chairman Cypress Bank	Circle B Ranch Owner (100%)	5.65%	n/a	SEE (3)(c)	
Frankie B. King Pittsburg, TX, USA	Feed Store - Owner	Director	Bank Director Cypress Bank	Texas Country Farm Supply LLP Owner (51%)	4.68%	n/a	SEE (3)(c)	
Danny Duncan Commerce, TX, USA	Retired	Director	Bank Director Cypress Bank	Los Dos Locos, LLC Owner (50%)	3.66%	n/a	SEE (3)(c)	
David Lake Tyler, TX, USA	Attorney/Rancher	Chairman	Director Cypress Bank	American Health Services, Inc. - 30% Founders Commerical, LTD (subsidiary of Amer Health - 55%) Northeast Texas Contracting Company, Inc. Kyle Lake Foundation	Owner, Director, President Owner, Director, President (4%) Director, President (non- profit - no percentage)	28.73%	SEE (3)(c)	
Hal Hess Mt. Pleasant, TX, USA	Furniture Store - Owner	Director	Bank Director Cypress Bank	Hess Electronics, Inc. DBA Hess Furniture Co., Inc. Hess Furniture Co., Inc. Hess Ranch, LLC	Director, President (100%) Owner, Director, President (100%) Owner, President (20%)	0.83%	SEE (3)(c)	
Charles W. Johns Pittsburg, TX, USA	Insurance Agency - Owner	Director	Secretary, Treasurer Bank Director Cypress Bank	Johns Financial Serv, Inc. DBA Cozart Johns Ins. Agency, Inc. Johns and Yantis	Owner, Director, President (50%) Partnership (50%)	3.03%	SEE (3)(c)	
Brian W. Gooding Pittsburg, TX, USA	President/Bank	President/Director	Bank President/Director Cypress Bank	N/A	--	0.61%	n/a	--
Shrum Family Trust, Larry Shrum Pittsburg, TX, USA	Retired Farm Equipment Dealer Real Estate Investment	Director	Bank Director Cypress Bank	Co-Trustee Shrum, LLC Larry Shrum Farms Shrum Family Trust	Owner (100%) Owner (100%) Trustee (100%)	-- 3.45%	n/a	SEE (3)(c)
Karen Jo Lange Mt. Pleasant, TX, USA	Retired	Shareholder	N/A	N/A	--	6.71%	n/a	N/A

Jennifer Scudder Pittsburg, TX, USA	Retired	Shareholder	N/A	N/A	--	6.71%	n/a	N/A
Evanne Pilgrim Pittsburg, TX, USA	Semi-retired / Investor	Shareholder	N/A	N/A	--	5.15%	n/a	N/A
Hal Pilgrim Longview, TX, USA	Retired	Shareholder	N/A	N/A	--	4.46%	n/a	N/A
Paulette Rolston Mt. Pleasant, TX, USA	Retired	Shareholder	N/A	N/A	--	4.50%	n/a	N/A

Results: A list of branches for your depository institution: CYPRESS BANK, SSB (ID\_RSSD: 729178)  
 This depository institution is held by CYPRESS BANCSHARES, INC. (3823974) of PITTSBURG, TX.  
 The data are as of 03/31/2018. Data reflects information that was received and processed through 04/04/2018

**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		Full Service (Head Office)	729178	CYPRESS BANK, SSB	120 SOUTH GREER BOULEVARD	PITTSBURG	TX	75686	CAMP	UNITED STATES	Not Required	Not Required	CYPRESS BANK, SSB	729178	
OK		Full Service	4167282	COMMERCE BRANCH	1702 LIVE OAK	COMMERCE	TX	75428	HUNT	UNITED STATES	Not Required	Not Required	CYPRESS BANK, SSB	729178	
OK		Full Service	4167291	LONE STAR BRANCH	110 NORTH MAIN	LONE STAR	TX	75668	MORRIS	UNITED STATES	Not Required	Not Required	CYPRESS BANK, SSB	729178	
OK		Full Service	3084458	MOUNT PLEASANT BRANCH	801 N JEFFERSON	MOUNT PLEASANT	TX	75455	TITUS	UNITED STATES	Not Required	Not Required	CYPRESS BANK, SSB	729178	