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: Sections 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. §§ 1844(c)(1)(A)); sections 8(a) and 13(e) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3109(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, 156, 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, 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
01/27/2021
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.

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.

Date of Report (top-tier holding company’s fiscal year-end):
December 31, 2020
Month / Day / Year
N/A
Reporter’s Legal Entity Identifier (LEI) (20-Character LEI Code)
N/A
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, Texas 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
806-332-4526
Area Code / Phone Number / Extension
806-332-5549
Area Code / FAX Number
Nannette@stbshallowater.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."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 8.59 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.

12/2019
SOUTH TEXAS BANCSHARES, INC.
Shallowater, Texas
Fiscal Year Ending December 31, 2020

<p>| 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 |</p>
<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Country of Citizenship</th>
<th># Common Shares</th>
<th>% of Shares owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ashwin Babaria Southlake, Texas</td>
<td>U.S.A.</td>
<td>30,360</td>
<td>23.00%</td>
</tr>
<tr>
<td>Dhirajlal J. Babaria Southlake, Texas</td>
<td>U.S.A.</td>
<td>29,040</td>
<td>22.00%</td>
</tr>
<tr>
<td>Dalpat Babaria Irving, Texas</td>
<td>U.S.A.</td>
<td>11,880</td>
<td>9.00%</td>
</tr>
<tr>
<td>Manu J. Babaria Plano, Texas</td>
<td>U.S.A.</td>
<td>11,880</td>
<td>9.00%</td>
</tr>
<tr>
<td>Jaya Babaria Southlake, Texas</td>
<td>U.S.A.</td>
<td>7,920</td>
<td>6.00%</td>
</tr>
<tr>
<td>Total Family</td>
<td></td>
<td>91,080</td>
<td>69.00%</td>
</tr>
<tr>
<td>Bharat T. Sutaria Hampstead, Texas</td>
<td>U.S.A.</td>
<td>11,880</td>
<td>9.00%</td>
</tr>
<tr>
<td>Jasmat Sutaria Plano, Texas</td>
<td>U.S.A.</td>
<td>13,200</td>
<td>10.00%</td>
</tr>
<tr>
<td>Total Family</td>
<td></td>
<td>25,080</td>
<td>19.00%</td>
</tr>
<tr>
<td>Dilip R. Shah Dallas, Texas</td>
<td>U.S.A.</td>
<td>13,200</td>
<td>10.00%</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td></td>
<td>129,360</td>
<td>98.00%</td>
</tr>
</tbody>
</table>
Shareholders not listed in 3(1) who owned 5% or more equity during the fiscal year.

N/A
<table>
<thead>
<tr>
<th>Name, Principal Occupation if other than with Bank Holding Company</th>
<th>Title &amp; Position with Bank Holding Company</th>
<th>Title &amp; Position with Subsidiaries (Include name of Subsidiaries)</th>
<th>Title &amp; Position with other businesses (Include names of other businesses)</th>
<th>Percent of voting shares in Bank Holding Company</th>
<th>Percent of voting shares in Subsidiaries (Include name)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athwin Babaria (A.J. Babaria) Southlake, Texas, USA</td>
<td>Circuit Board Manufacturer</td>
<td>Chairman of Board and President</td>
<td>CFO SVTRONICS</td>
<td>23%</td>
<td>N/A</td>
</tr>
<tr>
<td>Dhiraj J. Babaria Southlake, Texas, USA</td>
<td>Circuit Board Manufacturer</td>
<td>Director/Secretary</td>
<td>COO North Texas Clico</td>
<td>22%</td>
<td>N/A</td>
</tr>
<tr>
<td>Dip Shah Dallas, Texas, USA</td>
<td>Travel Agent</td>
<td>Director</td>
<td>GM Travel King Intern</td>
<td>10%</td>
<td>N/A</td>
</tr>
<tr>
<td>John Holmes Dallas, Texas, USA</td>
<td>Truck Shipping</td>
<td>Director</td>
<td>President Atlan Indus</td>
<td>2%</td>
<td>N/A</td>
</tr>
<tr>
<td>Jasmal Subaria Plano, Texas, USA</td>
<td>Circuit Board Manufacturer</td>
<td>Director</td>
<td>VP SVTRONICS VP GEM Solutions</td>
<td>10%</td>
<td>N/A</td>
</tr>
<tr>
<td>Jaya Babaria Southlake, Texas, USA</td>
<td>Circuit Board Manufacturer</td>
<td>Director</td>
<td>VP SVTRONICS</td>
<td>6%</td>
<td>N/A</td>
</tr>
<tr>
<td>Dalpat Babaria Southlake Texas, USA</td>
<td>Circuit Board Manufacturer</td>
<td>Shareholder</td>
<td>None</td>
<td>9%</td>
<td>N/A</td>
</tr>
<tr>
<td>Sunil J. Babaria Southlake Texas, USA</td>
<td>Retired Circuit Board Manufacturer</td>
<td>Shareholder</td>
<td>None</td>
<td>9%</td>
<td>N/A</td>
</tr>
<tr>
<td>Bharat T. Subaria</td>
<td>Circuit Board Manufacturer</td>
<td>Shareholder</td>
<td>None</td>
<td>9%</td>
<td>N/A</td>
</tr>
</tbody>
</table>
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 Uninc, Office Number, and IDRSSD columns are for reference only. Verification of these values is not required.

<table>
<thead>
<tr>
<th>Data Action</th>
<th>Effective Date</th>
<th>Branch Service Type</th>
<th>Branch ID_RSSID*</th>
<th>Popular Name</th>
<th>Street Address</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
<th>County</th>
<th>Country</th>
<th>FDIC Uninc*</th>
<th>Office Number*</th>
<th>Head Office</th>
<th>Head Office ID_RSSID*</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>OK</td>
<td>12/31/2020</td>
<td>Full Service (Head Office)</td>
<td>524766</td>
<td>FIRST STATE BANK</td>
<td>1 COMMERCE PARK</td>
<td>SHALLOWATER</td>
<td>TX</td>
<td>79363</td>
<td>LUBBOCK</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>FIRST STATE BANK</td>
<td>524766</td>
<td></td>
</tr>
<tr>
<td>OK</td>
<td>12/31/2020</td>
<td>Full Service</td>
<td>353656</td>
<td>AMHERST BRANCH</td>
<td>1001 MAIN STREET</td>
<td>AMHERST</td>
<td>TX</td>
<td>79312</td>
<td>LAMB</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>FIRST STATE BANK</td>
<td>524766</td>
<td></td>
</tr>
</tbody>
</table>
SOUTH TEXAS BANCSHARES, INC.  
(Parent Only)  
FINANCIAL STATEMENTS  
Year Ended December 31, 2020
<table>
<thead>
<tr>
<th>TABLE OF CONTENTS</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCOUNTANTS’ REPORT</td>
<td>1</td>
</tr>
<tr>
<td>FINANCIAL STATEMENTS</td>
<td></td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>2</td>
</tr>
<tr>
<td>Statement of Income and Comprehensive Income</td>
<td>3</td>
</tr>
<tr>
<td>Statement of Changes in Stockholders’ Equity</td>
<td>4</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>5</td>
</tr>
</tbody>
</table>
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, 2020, and the related statements of income and comprehensive income, changes in stockholders’ equity, and cash flows for the year 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
March 22, 2021
SOUTH TEXAS BANCSHARES, INC. (Parent Only)
BALANCE SHEET
December 31, 2020

ASSETS

CURRENT ASSETS
Cash $ 11,672

OTHER ASSETS
Investment in subsidiary 17,569,470
Goodwill 2,645,560

$ 20,226,702

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES
Note payable - Citizens Bank $ 160,000

LONG TERM LIABILITIES
Note payable - Citizens Bank 430,000

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 12,863,047
Accumulated other comprehensive income (loss) 112,662

$ 20,226,702

See accountants' report
INCOME
  Dividends from subsidiary $ 746,769
  Miscellaneous Income 102

EXPENSES
  Accounting and legal 20,624
  Interest Expense 31,108

INCOME (LOSS) BEFORE EQUITY IN UNDISTRIBUTED EARNINGS OF SUBSIDIARY $ 695,139

Equity in undistributed earnings (losses) of subsidiary 800,950

NET INCOME $ 1,496,089

OTHER COMPREHENSIVE INCOME
  Unrealized holding gains (losses) on securities of subsidiary arising during the period 70,379

TOTAL COMPREHENSIVE INCOME $ 1,566,468

See accountants' report.
SOUTH TEXAS BANCSHARES, INC. (Parent Only)
STATEMENT OF CHANGES IN STOCKHOLDERS’ EQUITY
Year Ended December 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>Common Stock</th>
<th>Additional Paid in Capital</th>
<th>Retained Earnings</th>
<th>Accumulated Other Comprehensive Income (Loss)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2019</td>
<td>$ 6,600,000</td>
<td>$ 60,993</td>
<td>$11,892,619</td>
<td>$42,283</td>
<td>$18,595,895</td>
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<tr>
<td>Net Income</td>
<td></td>
<td></td>
<td></td>
<td>1,496,089</td>
<td>1,496,089</td>
</tr>
<tr>
<td>Capital Contributed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Stockholder Distributions</td>
<td></td>
<td></td>
<td>(525,661)</td>
<td>(525,661)</td>
<td></td>
</tr>
<tr>
<td>Unrealized gain (loss) on available-for-sale securities of subsidiary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>70,379</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at December 31, 2020</td>
<td>$ 6,600,000</td>
<td>$ 60,993</td>
<td>$12,863,047</td>
<td>$112,662</td>
<td>$19,636,702</td>
</tr>
</tbody>
</table>

See accountants' report.
SOUTH TEXAS BANCSHARES, INC. (Parent Only)
STATEMENT OF CASH FLOWS
Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES
Net income $ 1,496,089
Adjustments to reconcile net income to net cash provided by operating activities (Income) Loss from equity method subsidiary (800,950)

NET CASH PROVIDED BY OPERATING ACTIVITIES 695,139

CASH FLOWS FROM FINANCING ACTIVITIES
Repayment of notes payable (160,000)
Stockholder distributions (525,661)

NET CASH USED BY FINANCING ACTIVITIES (685,661)

NET INCREASE (DECREASE) IN CASH 9,478

CASH AT BEGINNING OF PERIOD 2,194

CASH AT END OF PERIOD $ 11,672

SUPPLEMENTAL DISCLOSURES
Cash paid during the period for interest $ 31,108

See accountants' report.