Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-1

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)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners' Loan Act. 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.

I. Robert C. Schnell
Name of the Holding Company Director and Official
VP/SEC/TREAS/DIR
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
3/28/16
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
RIOO ID 1417137
C.I.

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2015
Month / Day / Year
N/A
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address
FIRST STATE BANKSHARES, INC.
PO BOX 247
SPEARMAN Texas 79081
City State Zip Code

ONE N.E. COURT
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:
Robert C. Schnell
Name
VP/SEC/TREAS/DIR
Title

806-659-5565
Area Code / Phone Number / Extension
806-659-5292
Area Code / FAX Number

cschnell@fsbspearm.com
E-mail Address

www.fsbspearm.com
Address (URL) for the Holding Company's web page

Does the reporter request confidential treatment for any portion of this submission?
☐ Yes ☑ No

Please identify the report items to which this request applies:

☐ In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.
☐ The information for which confidential treatment is sought is being submitted separately labeled "Confidential.

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.25 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.

12/2015
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.

FIRST STATE BANKSHARES OF DELAWARE, INC.
Legal Title of Subsidiary Holding Company

PO BOX 247
Street / P.O. Box

SPEARMAN
City
Texas
State
79081
Zip Code

2711 CENTERVILLE ROAD, STE 400 WILMINGTON, DE
Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company
Street / P.O. Box
City
State
Zip Code

Physical Location (if different from mailing address)

12/2012
FORM FRY-6

REPORT ITEM 1: a. None - Financial Statement will be forwarded as soon as possible.
b. The BHC does not prepare other Annual Report for its Shareholders

REPORT ITEM 2a: Organizational Chart

FIRST STATE BANKSHARES, INC.
SPEARMAN, TEXAS 79081

TEXAS CORPORATION

1,000 Shares Common Stock
100% Ownership

FIRST STATE BANKSHARES OF DELAWARE, INC.
WILMINGTON, DELAWARE 19808

DELAWARE CORPORATION

200,000 Shares Common Stock
100% Ownership

FIRST STATE BANK
SPEARMAN, TEXAS 79081

TEXAS CORPORATION

No Entity has a LEI

REPORT ITEM 2b: No Change to Branch Reports - Reported 3/28/16
Results: A list of branches for your holding company: FIRST STATE BANKSHARES, INC. (1417137) of SPEARMAN, TX. The data are as of 12/31/2016. Data reflects information that was received and processed through 01/07/2016.

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_RSSID 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 UNINUM*</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></td>
<td>Full Service (Head Office)</td>
<td>407168</td>
<td>FIRST STATE BANK</td>
<td>1 N.E. COURT PL</td>
<td>SPEARMAN</td>
<td>TX</td>
<td>79081-2334</td>
<td>HANSFORD</td>
<td>UNITED STATES</td>
<td>836</td>
<td>0 FIRST STATE BANK</td>
<td>407168</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
REPORT ITEM 3: SHAREHOLDERS-FIRST STATE BANKSHARES, INC.

1)

<table>
<thead>
<tr>
<th>NAME</th>
<th>ADDRESS</th>
<th>CITIZENSHIP</th>
<th>STOCK OWNED</th>
<th>% OWNERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stinson Gibner</td>
<td>Houston, Texas 77005-3723</td>
<td>U.S.</td>
<td>38,331</td>
<td>30.7</td>
</tr>
<tr>
<td>Lea Ann Gibner Schrader</td>
<td>Austin, Texas 78739</td>
<td>U.S.</td>
<td>38,557</td>
<td>30.9</td>
</tr>
<tr>
<td>Mike Schnell</td>
<td>Spearman, Texas 79081</td>
<td>U.S.</td>
<td>22,425</td>
<td>18.0</td>
</tr>
<tr>
<td>Robert Clay Schnell</td>
<td>Spearman, Texas 79081</td>
<td>U.S.</td>
<td>16,525</td>
<td>13.2</td>
</tr>
<tr>
<td>Lynn T. Gibner</td>
<td>Portland, Oregon 97220</td>
<td>U.S.</td>
<td>6,500</td>
<td>5.2</td>
</tr>
</tbody>
</table>

2) None

REPORT ITEM 3: SHAREHOLDERS - FIRST STATE BANKSHARES OF DELAWARE, INC.

1)

<table>
<thead>
<tr>
<th>NAME</th>
<th>ADDRESS</th>
<th>CITIZENSHIP</th>
<th>STOCK OWNED</th>
<th>% OWNERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>First State Bankshares, Inc.</td>
<td>P.O. Box 247</td>
<td>U.S.</td>
<td>1,000</td>
<td>100</td>
</tr>
</tbody>
</table>

2) None
<table>
<thead>
<tr>
<th>Name &amp; Address</th>
<th>Principal Occupation</th>
<th>Title &amp; Position with Bank</th>
<th>Title &amp; Position with Subsidiaries</th>
<th>Title &amp; Position with Other Businesses</th>
<th>Percentage of Holding Co. Ownership</th>
<th>Percentage of Voting Shares Subsidiaries</th>
<th>Other Business Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verna L. Shirley Spearman, Texas 79081</td>
<td>Investor Retired</td>
<td>Director</td>
<td>Director - First State Bank</td>
<td>Secretary - Palo Duro Ranch Inc</td>
<td>0%</td>
<td>N/A</td>
<td>None</td>
</tr>
<tr>
<td>Stinson Gibner Houston, Texas 77055</td>
<td>Investor Commodity Analyst</td>
<td>Director</td>
<td>Director - First State Bank</td>
<td>Director - Palo Duro Ranch Inc</td>
<td>30.7%</td>
<td>N/A</td>
<td>Palo Duro Ranch Inc (33%)</td>
</tr>
<tr>
<td>Lea Ann Gibner Schrader Austin, Texas 78739</td>
<td>Teacher</td>
<td>Director</td>
<td>Director - First State Bank</td>
<td>Analyst - Whiteside Energy, LP</td>
<td>None</td>
<td>30.9%</td>
<td>N/A</td>
</tr>
<tr>
<td>Mike Schnell Spearman, Texas 79081</td>
<td>Banker Director/ Chairman/ CEO</td>
<td>Director</td>
<td>CEO/Dir.-First State Bank</td>
<td>Vice Pres.-Director Palo Duro Ranch Inc</td>
<td>18.0%</td>
<td>N/A</td>
<td>Palo Duro Ranch, Inc. (33%)</td>
</tr>
<tr>
<td>Robert Clay Schnell Spearman, Texas 79081</td>
<td>Banker Director/ Sec.-Tres./ Vice Pres.</td>
<td>EVP/CFO/Dir-First State Bank</td>
<td>EVP/CFO/Dir-First State Bank</td>
<td>President-Director Palo Duro Ranch Inc</td>
<td>13.2%</td>
<td>N/A</td>
<td>Palo Duro Ranch, Inc. (33%)</td>
</tr>
</tbody>
</table>
## REPORT ITEM 4: DIRECTORS AND OFFICERS - FIRST STATE BANKSHARES OF DELAWARE, INC.

<table>
<thead>
<tr>
<th>NAME &amp; ADDRESS</th>
<th>OCCUPATION</th>
<th>(3)(a) TITLE &amp; POSITION WITH BANK HOLDING CO.</th>
<th>(3)(b) TITLE &amp; POSITION WITH SUBSIDIARIES</th>
<th>(3)(c) TITLE &amp; POSITION WITH OTHER BUSINESSES</th>
<th>(4)(a) PERCENTAGE OF HOLDING CO. OWNERSHIP</th>
<th>(4)(b) PERCENTAGE OF VOTING SHARES SUBSIDIARIES</th>
<th>(4)(c) OTHER BUSINESS OWNERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verna L. Shirley</td>
<td>Investor Retired</td>
<td>Director</td>
<td>Director-First State Bank</td>
<td>Secretary - Palo Duro Ranch Inc</td>
<td>0%</td>
<td>N/A</td>
<td>None</td>
</tr>
<tr>
<td>Stinson Gibner</td>
<td>Investor Commodity Marketing</td>
<td>Director</td>
<td>Director-First State Bank</td>
<td>None</td>
<td>0%</td>
<td>N/A</td>
<td>Palo Duro Ranch Inc (33%)</td>
</tr>
<tr>
<td>Houston, Texas 77055</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Palo Duro Alpha LLC (87.5%)</td>
</tr>
<tr>
<td>Lea Ann Gibner Schrader</td>
<td>Teacher</td>
<td>Director</td>
<td>Director-First State Bank</td>
<td>None</td>
<td>0%</td>
<td>N/A</td>
<td>None</td>
</tr>
<tr>
<td>Austin, Texas 78739</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Palo Duro Ranch, Inc. (33%)</td>
</tr>
<tr>
<td>Mike Schnell</td>
<td>Banker</td>
<td>Director/Chairman/CEO</td>
<td>CEO/Dir.-First State Bank</td>
<td>Vice Pres.- Palo Duro Ranch Inc</td>
<td>0%</td>
<td>N/A</td>
<td>Palo Duro Ranch, Inc. (33%)</td>
</tr>
<tr>
<td>Spearman, Texas 79081</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert Clay Schnell</td>
<td>Banker</td>
<td>Director/Sec.-Treas./Vice Pres.</td>
<td>EVP/CFO/Dir.-First State Bank</td>
<td>President - Palo Duro Ranch Inc</td>
<td>0%</td>
<td>N/A</td>
<td>Palo Duro Ranch, Inc. (33%)</td>
</tr>
<tr>
<td>Spearman, Texas 79081</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First State Bankshares, Inc.</td>
<td>Holding Co.</td>
<td>Stockholder</td>
<td>N/A</td>
<td></td>
<td></td>
<td>N/A</td>
<td>None</td>
</tr>
</tbody>
</table>

**AMENDED**

**JUL 21 2016**