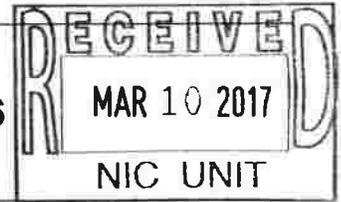


Board of Governors of the Federal Reserve System



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, 2016

Month / Day / Year

N/A

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

Reporter's Name, Street, and Mailing Address

I, Keith Clark

Name of the Holding Company Director and Official

Executive Vice President

Title of the Holding Company Director and Official

Brownwood Bancshares, Inc.

Legal Title of Holding Company

P. O. Box 1629

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

Brownwood TX 76804

City State Zip Code

One Carnegie Ave, Brownwood, Tx 76801

Physical Location (if different from mailing address)

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.

Person to whom questions about this report should be directed:

Cindy Musick Asst. Secretary-Treasurer

Name Title

325-643-3545 326

Area Code / Phone Number / Extension

325-643-5762

Area Code / FAX Number

cmusick@cnb-brownwood.com

E-mail Address

www.cnb-brownwood.com

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

Signature of Holding Company Director and Official

03/07/2017

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.

1103373

Is confidential treatment requested for any portion of this report submission?  0=No  1=Yes

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."

Form FR Y-6

Brownwood Bancshares, Inc  
Brownwood, Texas  
Fiscal Year Ending December 31, 2016

Report Item #2a

1: a. The BHC is not required to prepare Form 10K with the SEC.

1: b. The BHC does prepare an annual report for its shareholders.  
Enclosed is one copy of the annual report.

2: Organizational Chart

Brownwood Bancshares, Inc.  
Brownwood, Texas  
Incorporated in Texas

100%

Citizens National Bank at Brownwood  
Brownwood, Texas  
Incorporated in Texas

**LEI:None**

Report Item 2b: Submitted via email 3/07/2017.

**Results:** A list of branches for your depository institution: CITIZENS NATIONAL BANK AT BROWNWOOD (ID\_RSSD: 233358)  
 This depository institution is held by BROWNWOOD BANKSHARES, INC. (1103373) of BROWNWOOD, TX.  
 The data are as of 12/31/2016. Data reflects information that was received and processed through 01/10/2017.

**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)	213358	CITIZENS NATIONAL BANK AT BROWNWOOD	1 CABINCRUISE	BROWNWOOD TX	76801	76801	BROWN	UNITED STATES	2344	0	CITIZENS NATIONAL BANK AT BROWNWOOD	233358	
		Full Service	233353	BROWNWOOD BRANCH	401 W TOMMIEPLACE	BROWNWOOD TX	76801	76801	BROWN	UNITED STATES	232953	1	CITIZENS NATIONAL BANK AT BROWNWOOD	233358	



Report Item 3: Shareholders

(1)(a) (1)(b) (1)(c)

Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of 12/31/16

(1)(a) Name & Address (City, State, Country)	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities
Calvin E. Fryar Brownwood, Tx-USA	USA	7,001 – 19.71% Common Stock
Mary Scott Nabers, as trustee of the Mary Scott Nabers Marital Trust Austin, Tx-USA	USA	2,514 – 7.08% Common Stock
J. Fred Perry Brownwood, Tx-USA	USA	7,001 – 19.71% Common Stock
A. L. Speck, DVM Brownwood, Tx-USA	USA	5,000 – 14.08% Common Stock
D. R. Speck Trust Geraldine Speck Trustee San Angelo, Tx-USA	USA	4,168 – 11.73% Common Stock
Sharpe Family Trust E Carter M. Sharpe Co-Trustee Bradley T. Sharpe Co-Trustee Brownwood, Tx-USA	USA	1,930 – 5.43% Common Stock

Report Item 3: Shareholders

(2)(a) (2)(b) (2)(c)

Shareholders 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 12/31/16

NONE

Form FR Y-6  
December 31, 2016  
BROWNWOOD BANCSHARES, INC.

Report Item 4: Insiders  
(1)(2)(3)(a)(b)(c) and (4)(a)(b)(c)

(1) Names & Addresses (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Co. Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (Include names of subsidiaries)	(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 Voting Shares in Subsidiaries (Include names of subsidiaries)	(4)(c) List names of other companies (Includes partnerships) If 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
DARWIN BOSCAMPT Brownwood, Tx USA	Retired Banker	Director	Director (Citizens National Bank)	N/A	2.54%	None (Citizens National Bank)	N/A
T. KEITH CLARK Brownwood, Tx USA	Banker	Exec Vice President Director	Exec Vice Pres & Cashier Director (Citizens National Bank)	N/A	1.23%	None (Citizens National Bank)	N/A
JOHN P GUEST Brownwood, Tx USA	Banker	President & CEO Director	President & CEO Director (Citizens National Bank)	N/A	0.65%	None (Citizens National Bank)	N/A

CALVINE FRYAR Brownwood, Tx USA	Rancher	Director	Director (Citizens National Bank)	CEO (P F & E Oil Co.) Vice President (CBF Holdings) Owner (Fryar Cattle Co.)	19.71%	None (Citizens National Bank)	P F & E Oil Co. (100%) CBF Holdings (33.33%) Fryar Cattle Co. (100%)
TIMOTHY L. NABERS Austin, Tx USA	Investment Broker	Director	Director (Citizens National Bank)	N/A	0.01%	None (Citizens National Bank)	N/A
J FRED PERRY Brownwood, Tx USA	N/A	N/A	N/A	N/A	19.71%	N/A	N/A
ROBERT G PORTER Brownwood, Tx USA	Insurance Agent	Director	Director (Citizens National Bank)	President (Porter Insurance Agency, Inc.) Partner (Robert, Richard & Charles Porter)	3.49%	None (Citizens National Bank)	Porter Insurance (50%) Robert, Richard & Charles Porter (33.33%)
A. L. SPECK, DVM Brownwood, Tx USA	Veterinarian	Director	Director (Citizens National Bank)	Partner (Brown County Animal Clinic) President (Speck Cattle LLC)	14.08%	None (Citizens National Bank)	Brown County Animal Clinic (50%) Speck Cattle LLC (100%)
D. R. SPECK TRUST Geraldine Speck Trustee San Angelo, Tx USA	N/A	N/A	N/A	N/A	11.73%	N/A	N/A

**ANNUAL REPORT**

**BROWNWOOD BANCSHARES, INC.  
BROWNWOOD, TEXAS**

**2015 – 2016**

**Report Item #1**

**BROWNWOOD BANCSHARES, INC.**  
**(PARENT ONLY)**  
**BALANCE SHEETS**  
**December 31, 2016 and 2015**

	2016	2015
<b>ASSETS</b>		
Cash and demand accounts	\$ 15,110	\$ 12,250
Investment in subsidiary bank	25,314,999	24,331,363
Goodwill	333,255	333,255
	\$ 25,663,364	\$ 24,676,868
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Accrued expenses and other liabilities	\$ 365	\$ 365
	365	365
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$1.00 par value; 2,000,000 shares authorized and 35,523 shares issued and outstanding	35,523	35,523
Additional paid-in capital	2,126,990	2,126,990
Retained earnings	23,669,824	22,372,867
Accumulated other comprehensive income (loss)	(169,338)	141,123
	25,662,999	24,676,503
<b>Total stockholders' equity</b>	<b>\$ 25,663,364</b>	<b>\$ 24,676,868</b>

The accompanying notes are an integral part of this statement.

**BROWNWOOD BANCSHARES, INC.**  
**(PARENT ONLY)**  
**STATEMENTS OF INCOME**  
**Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash dividends received from bank subsidiary</b>	<b>\$ 1,694,000</b>	<b>\$ 3,010,000</b>
<b>Equity in undistributed earnings of bank subsidiary</b>	<b>1,294,097</b>	<b>150,910</b>
	<b>2,988,097</b>	<b>3,160,910</b>
<b>Total investment income</b>		
<b>Other expense</b>		
<b>Employee compensation and benefits</b>	<b>2,609</b>	<b>2,610</b>
<b>Other operating expenses</b>	<b>18,950</b>	<b>20,800</b>
	<b>21,559</b>	<b>23,410</b>
<b>Total other expense</b>		
<b>Income before income taxes</b>	<b>2,966,538</b>	<b>3,137,500</b>
<b>Federal tax provision</b>	<b>-</b>	<b>-</b>
	<b>-</b>	<b>-</b>
<b>NET INCOME</b>	<b>\$ 2,966,538</b>	<b>\$ 3,137,500</b>

The accompanying notes are an integral part of this statement.

**BROWNWOOD BANCSHARES, INC.**  
**(PARENT ONLY)**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**Years Ended December 31, 2016 and 2015**

	2016	2015
<b>Net income</b>	<b>\$ 2,966,538</b>	<b>\$ 3,137,500</b>
<b>Other comprehensive income, net of tax:</b>		
<b>Change in unrealized appreciation (depreciation) on available-for-sale securities</b>	<b>(310,461)</b>	<b>(104,275)</b>
<b>Total other comprehensive income, net of tax</b>	<b>(310,461)</b>	<b>(104,275)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ 2,656,077</b>	<b>\$ 3,033,225</b>

The accompanying notes are an integral part of this statement.

**BROWNWOOD BANCSHARES, INC.**  
**(PARENT ONLY)**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**Years Ended December 31, 2016 and 2015**

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balances, January 1, 2015	\$ 35,523	\$ 2,126,990	\$ 22,219,299	\$ 245,398	\$ 24,627,210
Net income			3,137,500		3,137,500
Other comprehensive income, net of tax					
Change in unrealized appreciation (depreciation) on available-for-sale securities				(104,275)	(104,275)
Distribution of earnings (\$84.00 per share)			(2,983,932)		(2,983,932)
Balances, December 31, 2015	35,523	2,126,990	22,372,867	141,123	24,676,503
Net income			2,966,538		2,966,538
Other comprehensive income, net of tax					
Change in unrealized appreciation (depreciation) on available-for-sale securities				(310,461)	(310,461)
Distribution of earnings (\$47.00 per share)			(1,669,581)		(1,669,581)
Balances, December 31, 2016	\$ 35,523	\$ 2,126,990	\$ 23,669,824	\$ (169,338)	\$ 25,662,999

The accompanying notes are an integral part of this statement.

**BROWNWOOD BANCSHARES, INC.**  
**(PARENT ONLY)**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Net income	<u>\$ 2,966,538</u>	<u>\$ 3,137,500</u>
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Equity in undistributed earnings of bank subsidiary	(1,294,097)	(150,910)
Total adjustments	<u>(1,294,097)</u>	<u>(150,910)</u>
<b>Net cash provided by operating activities</b>	<u>1,672,441</u>	<u>2,986,590</u>
<b>Cash flows from investing activities</b>		
<b>Net cash provided (used) by investing activities</b>	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Distribution of earnings	(1,669,581)	(2,983,932)
<b>Net cash provided (used) by financing activities</b>	<u>(1,669,581)</u>	<u>(2,983,932)</u>
<b>Net change in cash and cash equivalents</b>	2,860	2,658
<b>Cash and cash equivalents at beginning of year</b>	12,250	9,592
<b>Cash and cash equivalents at end of year</b>	<u>\$ 15,110</u>	<u>\$ 12,250</u>
 <b>Supplemental schedule of non-cash investing and financing activities</b>		
Net change in stockholders' equity for unrealized appreciation (depreciation) on available-for-sale securities	\$ (310,461)	\$ (104,275)
 <b>Cash paid during the year for</b>		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

The accompanying notes are an integral part of this statement.