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, 115, 312, 618, and 808 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 direct of the top-tier holding company. This individual should also be a senior officer of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior oflcial 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, John Gilliam
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
03/09/2017
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 116410
C.I. 116410

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 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.
Report Item – 1:
None

Report Item – 2a:
Valley Mills Financial Corporation
Valley Mills, Texas
Incorporated in Texas

100% ownership in the following

First National Bank of Bosque County
Valley Mills, Texas
Incorporated in Texas

No LEI is available for either organization

Report Item – 2b:
E-Mailed & Attached

Report Item – 3:
Attached

Report Item – 4:
Attached

Valley Mills Financial Corporation

John Gilliam, President
Results: A list of branches for your depository institution: FIRST NATIONAL BANK OF BOSQUE COUNTY (ID: RSSD: 15865). This depository institution is held by VALLEY MILLS COMMERICAL CORPORATION (11941654) at VALLEY MILLS, TX. The data are as of 12/31/2016. Data reflects information that was received and processed through 01/30/2017.

Reconciliation and Verification Steps:
1. If 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.

Examples:
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, then '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 Schedule 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.

* FIDC UNNUM, Office Number, and ID RSSD 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</th>
<th>RSSD*</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>FIDC UNNUM</th>
<th>Office Number</th>
<th>Main Office</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>OK</td>
<td></td>
<td>Full Service</td>
<td>259992</td>
<td></td>
<td>FIRST NATIONAL BANK OF BOSQUE COUNTY</td>
<td>120 E AVENUE C</td>
<td>VALLEY MILLS</td>
<td>TX</td>
<td>76486</td>
<td>BOSQUE</td>
<td>UNITED STATES</td>
<td>15865</td>
<td>0</td>
<td>FIRST NATIONAL BANK OF BOSQUE COUNTY</td>
<td>15865</td>
</tr>
<tr>
<td>OK</td>
<td></td>
<td>Full Service</td>
<td>1544992</td>
<td></td>
<td>FIRST NATIONAL BANK OF BOSQUE COUNTY</td>
<td>120 E AVENUE C</td>
<td>VALLEY MILLS</td>
<td>TX</td>
<td>76486</td>
<td>BOSQUE</td>
<td>UNITED STATES</td>
<td>15865</td>
<td>1</td>
<td>FIRST NATIONAL BANK OF BOSQUE COUNTY</td>
<td>15865</td>
</tr>
<tr>
<td>OK</td>
<td></td>
<td>Full Service</td>
<td>3997710</td>
<td></td>
<td>MERIDIAN BRANCH</td>
<td>125 S MAIN ST</td>
<td>MERIDIAN</td>
<td>TX</td>
<td>76665</td>
<td>BOSQUE</td>
<td>UNITED STATES</td>
<td>15865</td>
<td>2</td>
<td>FIRST NATIONAL BANK OF BOSQUE COUNTY</td>
<td>15865</td>
</tr>
<tr>
<td>OK</td>
<td></td>
<td>Full Service</td>
<td>2108517</td>
<td></td>
<td>FIRST NATIONAL BANK OF BOSQUE COUNTY</td>
<td>8223 N ROADWAY ST</td>
<td>BROWNSWORTH</td>
<td>TX</td>
<td>76412</td>
<td>MCLENNAN</td>
<td>UNITED STATES</td>
<td>15865</td>
<td>3</td>
<td>FIRST NATIONAL BANK OF BOSQUE COUNTY</td>
<td>15865</td>
</tr>
</tbody>
</table>
## Report Item 3: Securities Holders

<table>
<thead>
<tr>
<th>Name &amp; Address (City, State, Country)</th>
<th>Country of Citizenship or Incorporation</th>
<th>(1) Number and Percentage of Each Class of Voting Securities</th>
<th>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 12-31-20XX</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Gilliam</td>
<td>US</td>
<td>26,058 shares 69.69%</td>
<td>(2)(a)</td>
</tr>
<tr>
<td>Valley Mills, Texas 76689</td>
<td></td>
<td></td>
<td>Name &amp; Address (City, State, Country)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Country of Citizenship or Incorporation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Number and Percentage of Each Class of Voting Securities</td>
</tr>
<tr>
<td>Micah Boles</td>
<td>US</td>
<td>2,758 shares 7.37%</td>
<td>N/A</td>
</tr>
<tr>
<td>Valley Mills, Texas 76689</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jennifer Boles</td>
<td>US</td>
<td>2,758 shares 7.37%</td>
<td></td>
</tr>
<tr>
<td>Valley Mills, Texas 76689</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Report Item 4: Insiders

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

<table>
<thead>
<tr>
<th>Names &amp; Address (City, State, Country)</th>
<th>Principal Occupation if other than with holding company</th>
<th>Title &amp; Position</th>
<th>Title &amp; Position with Subsidiaries (Include names of subsidiaries)</th>
<th>Title &amp; Position with Other Businesses (Include names of other businesses)</th>
<th>Percentage of Voting Securities in holding company</th>
<th>Percentage of Voting Securities in Subsidiaries (Include names of subsidiaries)</th>
<th>(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)</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Gilliam Valley Mills, Texas 76689</td>
<td>Banking</td>
<td>President Director</td>
<td>First National Bank of Bosque County Vice Chairman Director</td>
<td>N/A</td>
<td>69.69%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Allison Gilliam Valley Mills, Texas 76689</td>
<td>N/A</td>
<td>Director</td>
<td>First National Bank of Bosque County Director</td>
<td>N/A</td>
<td>2.67%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Micah Boles Valley Mills, Texas 76689</td>
<td>Banking</td>
<td>Director</td>
<td>First National Bank of Bosque County President / CEO Director</td>
<td>N/A</td>
<td>7.37%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Jennifer Boles Valley Mills, Texas 76689</td>
<td>Banking</td>
<td>Director</td>
<td>First National Bank of Bosque County Vice President Director</td>
<td>N/A</td>
<td>7.37%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Mark Gibson Waco, Texas 76712</td>
<td>Banking</td>
<td>Director</td>
<td>First National Bank of Bosque County Chairman Director</td>
<td>N/A</td>
<td>1.34%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>