

AMENDED
JUL 13 2017

FR Y-6
OMB Number 7100-0297
Approval expires September 30, 2018
Page 1 of 2

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

FARMERS BANCSHARES, INC.

Legal Title of Holding Company

115 Shelbyville St./P. O. Box 352

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

Center TX 75935
City State Zip Code

115 Shelbyville St, Center, TX 75935

Physical Location (If different from mailing address)

Person to whom questions about this report should be directed:

LUKE MOTLEY III PRESIDENT
Name Title

(936) 598-3311/1147

Area Code / Phone Number / Extension

(936) 598-1102

Area Code / FAX Number

lmotleyiii@fsbctx.com

E-mail Address

N/A

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

I, LUKE MOTLEY III

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

Date of Signature

3/22/17

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.

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.

FARMERS DELAWARE BANCSHARES, INC.

Legal Title of Subsidiary Holding Company

2711 Centerville Road, Suite 400

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

Wilmington

DE

19808

City

State

Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City

State

Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City

State

Zip Code

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

City

State

Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

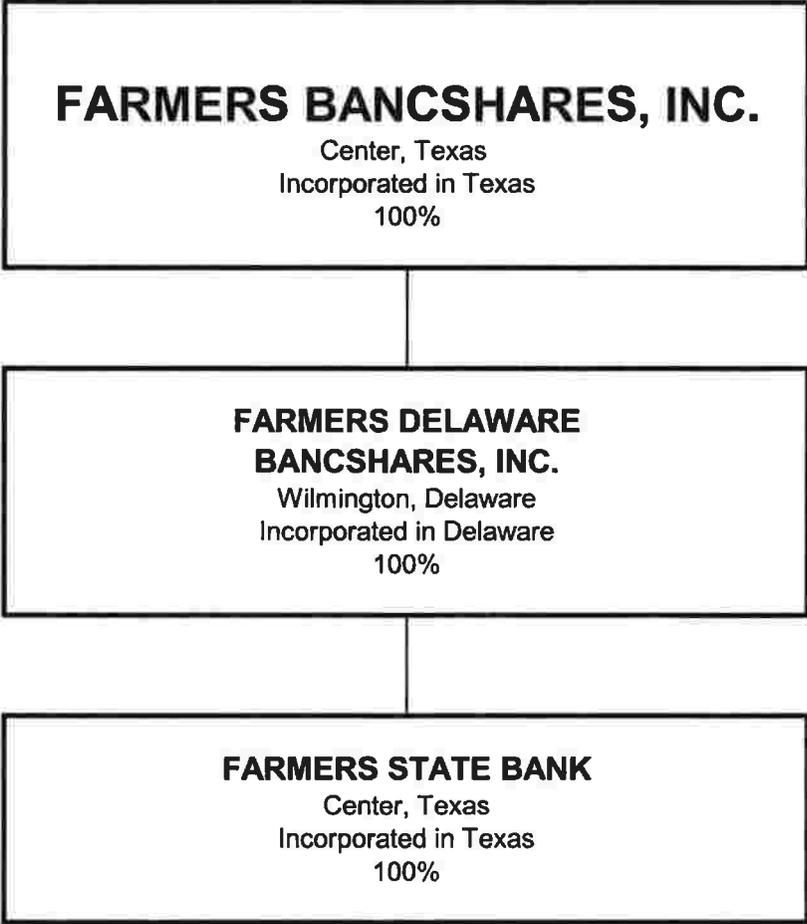
City

State

Zip Code

Physical Location (if different from mailing address)

ORGANIZATION CHART



LEI: NONE.

Results: A list of branches for your depository institution: FARMERS STATE BANK (ID_RSSD: 875057). This depository institution is held by FARMERS BANCSHARES, INC (1109320) of CENTER, 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, 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	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	875057	FARMERS STATE BANK	115 SHELBYVILLE ST	CENTER	TX	75935	SHELBY	8443	0	FARMERS STATE BANK	875057	
OK		Full Service	739757	CARTHAGE BRANCH	114 WEST WELLINGTON	CARTHAGE	TX	75633	PANOLA	2004	3	FARMERS STATE BANK	875057	
OK		Limited Service	874555	DRIVE-IN FACILITY	209 LOGANSPOUT ST	CENTER	TX	75935	SHELBY	1229589	1	FARMERS STATE BANK	875057	
OK		Full Service	3963012	ROUGH RIDER BRANCH	275 ROUGH RIDER DRIVE	CENTER	TX	75935	SHELBY	484731	5	FARMERS STATE BANK	875057	
OK		Full Service	3543320	IOAQUIN BRANCH	12607 U.S. HIGHWAY 84 EAST	IOAQUIN	TX	75954	SHELBY	427156	4	FARMERS STATE BANK	875057	
OK		Full Service	3543339	SHELBYVILLE BRANCH	5033 STATE HIGHWAY 87 SOUTH	SHELBYVILLE	TX	75973	SHELBY	1229590	2	FARMERS STATE BANK	875057	

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FARMERS BANCSHARES, INC.

Center, Texas 75935

Fiscal Year Ending December 31, 2016

Report Item 3: Securities Holders

Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2016		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 12-31-2016			
(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	(2)(a) Name & Address (City, State, Country)	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities
Estate of Marieta Chadwick, David Chadwick, Executor, Center, Texas, USA	United States of America	4,987 - 8.59% Common Stock			
Neilson Davis, Center, Texas, USA	United States of America	9,326 - 16.07% Common Stock	N/A	N/A	N/A
Cynthia D. Griffin, Center, Texas, USA	United States of America	4,899 - 8.44% Common Stock	N/A	N/A	N/A
Luke Motley III, Center, Texas, USA	United States of America	3,250 - 5.60% Common Stock	N/A	N/A	N/A
Jerry Pinkston, Center, Texas, USA	United States of America	12,208 - 21.04% Common Stock	N/A	N/A	N/A
Michael S. Walker, Shelbyville, Texas, USA	United States of America	3,925 - 6.76% Common Stock	N/A	N/A	N/A

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FARMERS DELAWARE BANCSHARES, INC.
 Center, Texas 75935
 Fiscal Year Ending December 31, 2016

Report Item 3: Securities Holders

Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2016		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 12-31-2016	
(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	(2)(a) Name & Address (City, State, Country)
Farmers Bancshares, Inc., Center, Texas, USA	United States of America	1,000 Common Stock - 100%	(2)(b) Country of Citizenship or Incorporation
			(2)(c) Number and Percentage of Each Class of Voting Securities
			N/A
			N/A

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Form FR Y-6
FARMERS BANCSHARES, INC.
Center, Texas

Fiscal Year Ending December 31, 2016

Report Item 4: Insiders

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Names & Address (City, State, Country)	Principal Occupation if other than with holding company	Title & Position with holding company	Title & Position with Subsidiaries (include names of subsidiaries)	Title & Position with Other Businesses (include names of other businesses)	Percentage of Voting Securities in holding company	Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)	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)
David Chadwick, Center, Texas, USA	N/A	Farmers Bancshares, Inc. Director/Secretary	Farmers Delaware Bancshares, Inc., Director, Secretary	FSB Corporation, Director, Secretary	2.80%	Farmers Delaware Bancshares, Inc. None	None
Neilson Davis, Center, Texas, USA	N/A	Farmers Bancshares, Inc., Director, Chairman of the Board	Farmers Delaware Bancshares, Inc., Director, Chairman of the Board	FSB Corporation, Director, Chairman of the Board Davis Properties Trust - John Griffin, Trustee, Merged into Neilson Davis 2011 Trust, Neilson Davis, Trustee	16.07%	Farmers Delaware Bancshares, Inc. None	N. Davis & C. Griffin Rent Account (50%)
Luke Motley III, Center, Texas, USA	N/A	Farmers Bancshares, Inc., President, Director	Farmers Delaware Bancshares, Inc., President, Director	FSB Corporation, President, Director	5.60%	Farmers Delaware Bancshares, Inc., None	Motley Treasures and Trash, Inc. (100%)
Jerry Pinkston, Center, Texas, USA	N/A	Farmers Bancshares, Inc., Director, Vice President	Farmers Delaware Bancshares, Inc., Vice President, Director	FSB Corporation, Director, Vice President	21%	Farmers Delaware Bancshares, Inc., None	Champion Brothers LLC (50%), Cove Fort Enterprises LLC (50%)

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FARMERS BANCSHARES, INC.
Center, Texas

Fiscal Year Ending December 31, 2016

Report Item 4: Insiders

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Names & Address (City, State, Country)	Principal Occupation if other than with holding company	Title & Position with holding company	Title & Position with Subsidiaries (include names of subsidiaries)	Title & Position with Other Businesses (include names of other businesses)	Percentage of Voting Securities in holding company	Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)	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)
Don Walker, Shelbyville, Texas, USA	Tree Farming	Farmers Bancshares, Inc., Director, Treasurer	Farmers Delaware Bancshares, Inc., Director, Treasurer	FSB Corporation, Director, Treasurer	1.16%	Farmers Delaware Bancshares, Inc., None	Bayou Bleu Farm LP (100%), Grand Tree LLC (100%), Pisces 153 LLC (100%), Dreka LLC (100%)



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FARMERS DELAWARE BANCSHARES, INC.
 Center, Texas 75935
 Fiscal Year Ending December 31, 2016

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

(1) Names & Address (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 (Include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (Include names of other businesses)	(4)(a) Percentage of Voting Securities in holding company	(4)(b) Percentage of Voting Securities 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)
Farmers Bancshares, Inc., Center, Texas, USA	N/A	N/A	N/A	N/A	100%	N/A	N/A
David Chadwick, Center, Texas, USA	N/A	Secretary, Director	Farmers State Bank, President, Director	F. S. B. Corporation, Secretary/Director	None	None	None
Neilson Davis, Center, Texas, USA	N/A	Chairman of the Board, Director	Farmers State Bank Executive Vice President, Director	F. S. B. Corporation, Chairman of the Board, Director, Davis Properties Trust - John Griffin, Trustee into Neilson Davis 2011 Trust, Neilson Davis, Trustee	None	None	N. Davis & C. Griffin Rent Account (50%)
Luke Motley, III, Center, Texas, USA	N/A	President, Director	Farmers State Bank Chairman of the Board, Director	F. S. B. Corporation President, Director	None	None	Motley Treasures and Trash, Inc. (100%)
Jerry Pinkston, Center, Texas, USA	N/A	Vice President, Director	Farmers State Bank, Senior Vice President, Director	F. S. B. Corporation, Vice President/Director	None	None	Champion Brothers (50%) & Cove Fort Enterprises, LLC (50%)
Don Walker, Shelbyville, Texas, USA	Tree Farming	Treasurer, Director	Farmers State Bank, Director	F. S. B. Corporation, Treasurer/Director	None	None	Bayou Blue Farm L. P. (100%), Grand Tree, L. L. C. (100%), Pisces 153 L. L. C. (100%) & Dreka L. L. C. (100%)



Farmers Bancshares, Inc.

LUKE MOTLEY III
President

February 10, 2017

Dear Stockholders,

Donald J. Trump trumps Media and wins 2016 Presidential election. Donald J. Trump is now President Trump and everything he says or tweets causes joy in one half of the nation and fear in the other half. One thing we must remember is that nothing he says or does matters until it is approved by either the U.S. House of Representatives or the U.S. Senate. Notwithstanding that those Executive Orders certainly expedite change. Be that as it may, the country has taken on a spirit of confidence and belief that things are going to change for the better and Washington D.C. is not going to be in charge, the people are. Just look at what has happened since the November election, the stock market went straight up, Obamacare is under attack, income taxes for both businesses and individuals are proposed to be reduced, regulations which have been restraining the growth of the economy are to be reduced or eliminated entirely, and the value of the dollar is higher than it has been in many years. Could this old saying or toast possibly be our future – “May what you wish for, be less than what you receive”.

On a consolidated basis, Farmers Bancshares, Inc. and its subsidiaries experienced a profit of \$3,529,624.31 for 2016 in comparison to a \$4,652,697.33 loss in 2015. The net change was a swing of \$8,182,321.64 (175.86%) in net income from one year to the next. Total assets declined \$9,721,424.54 between 2015 and 2016 (2.74%) and now total \$345,379,208.03. Farmers State Bank maintained excellent capital ratios in 2016. Equity Capital to Assets was 11.89% and Equity Capital plus Loss Reserve to Assets was 12.86%.

2016 has been a busy year with upgrades to the bank website and upgrades to our mobile application offering Touch ID, instant balance and loan payments on line. New software applications have been purchased including Mortgage Loan Application and software for the bank BSA program. The ATM at our Roughrider branch was upgraded to enable our customers to make deposits. The Chip Cards for all Debit/ATMs has been initiated and will continue for the next two years. All Points allows customers access to over 55,000 ATMs without a service fee and Uchoose Rewards program encourages use of debit cards by offering a cash back based on use have been added to enhance our ATM/debit cards. The loan operation department has been completely re-staffed and workflow re-aligned. In April, 2016, all officers met to develop a new Strategic Plan for the next five years. This continues to expand as plans are being developed.

Stockholders' Letter

February 10, 2017

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The Farmers State Bank Center Drive-in was completed remodeled with a new roof, new stucco facade, as well as the interior. The main bank got a new roof and new stucco on a portion of the exterior. The Carthage Branch heating and air conditioning was completely redone.

Employees are excited and optimistic about 2017. There is a lot of new blood in the Farmers State Bank employee force. They are energetic and ready to make a mark on their careers. Technology is natural for them and their insight gives us a better approach to our customer's needs and desired delivery system. The strategic plan is giving opportunity for many to take an active role in the development of Farmers State Bank services and image. As part of the plan, each department is being evaluated in terms of job function, work flow and software options. New marketing material is being developed for product selling purposes, new software of online applications and document preparation is being developed in our loan department. An active process is being developed to train not only within but between departments giving the employee tools to be a full service employee from any department or branch in our organization. We have purchased a new resource library for Farmers State Bank continuing education program which is more aggressive than our previous one. More in-depth training is now required for new hires which should give us a better trained new employee.

While we do not desire to drastically change our physical appearance or our reputation as a friendly, full service community bank, our goal is to be a more efficient, customer friendly bank offering leading edge products and services for a reasonable fee and providing a greater income for Farmers State Bank.

We are cautiously optimistic that the bottom has been reached in the losses associated with the oil and gas service borrower that went out of business during the crash of the oil and gas industry during 2015. That being said, your company returned to profitability in 2016 and expects to continue to earn profits in the future. We know the past two years have been major disappointments to you shareholders. As we worked to overcome the challenges and difficulties during this period we want you to know that your patience and support was truly appreciated by the Directors, Officers and Employees. It is our goal for the future to stay on the straight and narrow road and not get into any more ditches. Thanks again for all your patience and support.

Sincerely,



Luke Motley III
President
Farmers Bancshares, Inc.



David Chadwick
President
Farmers State Bank



Neilson Davis
Chairman of the Board
Farmers Bancshares, Inc.

Farmers Bancshares Inc. and Subsidiaries
Consolidated Statement of Condition
Prior Year Comparison

A S S E T S	12/31/16	12/31/15	Net Change
ASSETS:			
Cash and Due From Banks	36,747,537.53	47,732,686.31	(10,985,148.78)
Fed Funds	0.00	0.00	0.00
Securities and Investments	103,023,603.74	112,834,213.06	(9,810,609.32)
Loans and Discounts	191,161,512.69	185,454,545.44	5,706,967.25
Less Reserve For Loan Losses	(3,335,766.47)	(6,799,036.79)	3,463,270.32
Net Loans and Discounts	187,825,746.22	178,655,508.65	9,170,237.57
Bank Building: Furn.; Fixtures; Equip; and Land - Net of Depreciation	4,664,432.92	4,901,725.54	(237,292.62)
Letters of Credit-Net Losses and Discounts	2,094,400.00	615,693.00	1,478,707.00
Interest Earned Not Collected	2,059,195.78	2,102,681.18	(43,485.40)
Other Assets	8,964,291.84	8,258,124.83	706,167.01
TOTAL ASSETS	345,379,208.03	355,100,632.57	(9,721,424.54)
LIABILITIES & CAPITAL			
LIABILITIES:			
Demand and Time Deposits	300,067,002.44	312,373,944.80	(12,306,942.36)
Outstanding Letters of Credit-Net Losses and Discounts	2,094,400.00	615,693.00	1,478,707.00
Accrued Expenses Payable	33,049.80	37,678.48	(4,628.68)
Other Liabilities	1,296,110.41	1,210,551.47	85,558.94
TOTAL LIABILITIES	303,490,562.65	314,237,867.75	(10,747,305.10)
CAPITAL:			
Common Stock \$10.00 Par Authorized 150,000 Shares			
Issued and Outstanding 73,375 Shares	733,750.00	733,750.00	0.00
Paid in Capital	6,932,313.50	6,932,313.50	0.00
Treasury Stock	(2,240,426.26)	(1,951,157.26)	(289,269.00)
Net "Unrealized Gain/Loss" on Sale of Securities	478,235.00	1,856,827.00	(1,378,592.00)
Undivided Profits	35,984,773.14	33,291,031.58	2,693,741.56
TOTAL CAPITAL	41,888,645.38	40,862,764.82	1,025,880.56
TOTAL LIABILITIES AND CAPITAL	345,379,208.03	355,100,632.57	(9,721,424.54)

Farmers Bancshares Inc. and Subsidiaries
Consolidated Profit and Loss Statement
Prior Year Comparison

	12/31/16	12/31/15	Net Change
INCOME:			
Interest and Fees on Loans	10,206,893.56	10,461,642.15	(254,748.59)
Interest on U.S. Gov't Securities	0.00	0.00	0.00
Interest on Tax Exempt Securities	795,607.73	905,751.64	(110,143.91)
Interest on Other Securities & Agencies	1,373,130.43	1,558,920.32	(185,789.89)
Interest on Fed Funds Sold	221,491.85	96,565.60	124,926.25
Interest on Other Investments	211,320.60	211,515.84	(195.24)
Income from Transaction Accounts	1,262,501.51	1,220,179.83	42,321.68
Other Income	467,946.37	441,379.70	26,566.67
TOTAL INCOME	14,538,892.05	14,895,955.08	(357,063.03)
EXPENSES:			
Interest on Time & Savings Deposits	868,295.38	895,980.25	(27,684.87)
Salaries and Employee Benefits	5,556,557.23	5,527,760.07	28,797.16
Occupancy Expenses	733,198.79	594,170.94	139,027.85
Provision for Loan Losses	200,000.00	9,400,000.00	(9,200,000.00)
Legal Reimbursable/Michael Graham	56,600.00	0.00	56,600.00
Oil & Gas Equipment Sales/Hardy	277,500.00	0.00	277,500.00
General and Administration	3,317,116.34	3,130,741.15	186,375.19
TOTAL EXPENSES	11,009,267.74	19,548,652.41	(8,539,384.67)
Net Income Before Income Tax	3,529,624.31	(4,652,697.33)	8,182,321.64
Provision for Income Tax	0.00	0.00	0.00
NET INCOME AFTER INCOME TAX	3,529,624.31	(4,652,697.33)	8,182,321.64
Annual Earnings Per Share	\$60.38	-\$78.70	139.08
Annual Return on Equity	8.43%	-11.35%	(3.59)
Annual Return on Assets	0.89%	-1.30%	(0.47)

Farmers Bancshares Inc.
Statement of Condition
Parent Company Only
Prior Year Comparison
December 31, 2016

	<u>12/31/16</u>	<u>12/31/15</u>	<u>Net Change</u>
ASSETS			
Farmers State Bank - DDA	7,629.69	4,702.61	2,927.08
Farmers State Bank - MMA	260,980.52	493,046.13	-232,065.61
Investment in Subsidiary			
Farmers Delaware Bancshares Inc.	<u>41,551,264.30</u>	<u>40,364,516.08</u>	1,186,748.22
Other Assets	<u>68,770.87</u>	<u>0.00</u>	<u>68,770.87</u>
TOTAL ASSETS	<u>41,888,645.38</u>	<u>40,862,264.82</u>	<u>1,026,380.56</u>
LIABILITIES			
Accounts Payable-Federal Income Tax	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL LIABILITIES	0.00	0.00	0.00
CAPITAL			
Common Stock	733,750.00	733,750.00	0.00
Paid in Capital	6,932,313.50	6,932,313.50	0.00
Treasury Stock	-2,240,426.26	-1,951,157.26	-289,269.00
Undivided Profits FSB Prior to S Corp.	11,575,603.06	11,575,603.06	0.00
Prior to Becoming "S"	2,328,530.20	2,328,530.20	0.00
Retained Earnings	-44,687.70	6,860.15	-51,547.85
Accumulated Adjustment Account FSB	21,996,426.24	19,431,086.02	2,565,340.22
Unrealized Gain/Loss on Sale of Securities	478,235.00	1,856,827.00	-1,378,592.00
Current Earnings	<u>128,901.34</u>	<u>-51,547.85</u>	<u>180,449.19</u>
TOTAL CAPITAL	<u>41,888,645.38</u>	<u>40,862,264.82</u>	<u>1,026,380.56</u>
TOTAL CAPITAL AND LIABILITIES	<u>41,888,645.38</u>	<u>40,862,264.82</u>	<u>1,026,380.56</u>

Farmers Bancshares, Inc.
Parent Company Only
Profit and Loss Statement
Prior Year Comparison
December 31, 2016

INCOME:	<u>12/31/16</u>	<u>12/31/15</u>	<u>NET CHANGE</u>
Distribution Income From Delaware Bancshares Inc.	\$1,335,422.80	\$816,714.14	\$518,708.66
Interest Income - MM Account	\$582.17	\$1,078.11	-\$495.94
Other Income - Closing of Delaware Bancshares	<u>\$0.00</u>	<u>\$1,015.00</u>	<u>\$0.00</u>
TOTAL INCOME	<u>\$1,336,004.97</u>	<u>\$818,807.25</u>	<u>\$517,197.72</u>
 EXPENSES			
Distribution Paid To Stockholders	\$835,372.80	\$816,714.14	\$18,658.66
General & Administrative Expense	\$37,630.83	\$53,640.96	-\$16,010.13
Legal Reimbursable/Michael Graham	\$56,600.00	\$0.00	\$56,600.00
Oil & Gas Equipment Sales/Hardy	<u>\$277,500.00</u>	<u>\$0.00</u>	<u>\$277,500.00</u>
TOTAL EXPENSES	<u>\$1,207,103.63</u>	<u>\$870,355.10</u>	<u>\$336,748.53</u>
 PRE-TAX INCOME	 \$128,901.34	 -\$51,547.85	 \$180,449.19
Applicable Income Tax	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
 NET INCOME	 <u>\$128,901.34</u>	 <u>-\$51,547.85</u>	 <u>\$180,449.19</u>

Farmers Delaware Bancshares, Inc.
Statement of Condition
Prior Year Comparison
December 31, 2016

ASSETS	<u>12/31/16</u>	<u>12/31/15</u>	<u>Net Change</u>
Cash in Bank	\$1,470.00	\$1,500.00	-\$30.00
Investment in Subsidiary Farmers State Bank	\$41,550,264.30	\$40,363,516.08	\$1,186,748.22
Total Assets	<u>\$41,551,734.30</u>	<u>\$40,365,016.08</u>	<u>\$1,186,718.22</u>
 LIABILITIES			
	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Total Liabilities	\$0.00	\$0.00	\$0.00
 CAPITAL			
Common Stock 1000 shares @ 1.00	\$1,000.00	\$1,000.00	\$0.00
Paid in Capital	\$7,500,000.00	\$7,500,000.00	\$0.00
Undivided Profit in Subsidiary	\$11,575,603.06	\$11,575,603.06	\$0.00
Accum. Adjusted Account-FSB	\$21,996,926.24	\$19,431,086.02	\$2,565,840.22
Current Earnings	-\$30.00	\$500.00	-\$530.00
Unrealized Gain/Loss on Sale of Securities	<u>\$478,235.00</u>	<u>\$1,856,827.00</u>	<u>-\$1,378,592.00</u>
Total Capital	\$41,551,734.30	\$40,365,016.08	\$1,186,718.22
TOTAL LIABILITIES & CAPITAL	<u>\$41,551,734.30</u>	<u>\$40,365,016.08</u>	<u>\$1,186,718.22</u>

Farmers Delaware Bancshares, Inc.
Profit and Loss Statement
Prior Year Comparison
December 31, 2016

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>Net Change</u>
INCOME			
Miscellaneous Income	\$0.00	\$1,530.00	-\$1,530.00
Distribution Income From Farmers State Bank	<u>\$1,335,372.80</u>	<u>\$816,714.14</u>	\$518,658.66
Total Income	<u>\$1,335,372.80</u>	<u>\$818,244.14</u>	<u>\$517,128.66</u>
EXPENSES			
Distribution Expense To Farmers Bancshares Inc.	\$1,335,372.80	\$816,714.14	\$518,658.66
Miscellaneous Expense	\$30.00	\$1,030.00	-\$1,000.00
Total Expenses	<u>\$1,335,402.80</u>	<u>\$817,744.14</u>	<u>\$517,658.66</u>
NET INCOME	<u>-\$30.00</u>	<u>\$500.00</u>	<u>-\$530.00</u>

Farmers State Bank
Condensed Statement of Condition
Condensed Prior Year Comparison
December 31, 2016

	2016	2015	Net Change
ASSETS			
Cash and Due From Banks	\$36,746,067.53	\$47,731,186.31	(\$10,985,118.78)
Fed Funds Sold	0.00	0.00	0.00
Total Securities	103,023,603.74	112,834,213.06	(9,810,609.32)
Total Loans	191,161,512.69	185,454,545.44	5,706,967.25
Less: Res. for Loan Losses	(3,335,766.47)	(6,799,036.79)	3,463,270.32
Net Loans	<u>187,825,746.22</u>	<u>178,655,508.65</u>	<u>9,170,237.57</u>
Bank Premises & Equipment	4,664,432.92	4,901,725.54	(237,292.62)
Other Assets	13,049,116.75	10,976,499.01	2,072,617.74
Total Assets	<u><u>345,308,967.16</u></u>	<u><u>355,099,132.57</u></u>	<u><u>(9,790,165.41)</u></u>
LIABILITIES			
Total Demand & Time Deposits	300,335,142.65	312,871,693.54	(12,536,550.89)
Other Liabilities	3,423,560.21	1,863,922.95	1,559,637.26
Total Liabilities	<u><u>303,758,702.86</u></u>	<u><u>314,735,616.49</u></u>	<u><u>(10,976,913.63)</u></u>
CAPITAL			
Capital Stock	750,000.00	750,000.00	0.00
Surplus	6,750,000.00	6,750,000.00	0.00
Undivided Profits	11,575,603.06	11,575,603.06	0.00
Current P & L	3,900,713.02	(4,601,149.48)	8,501,862.50
Unrealized Gain/Loss Sale of Securitie:	478,235.00	1,856,827.00	(1,378,592.00)
Accumulated Adjustment Acct.	18,095,713.22	24,032,235.50	(5,936,522.28)
Total Capital	<u><u>41,550,264.30</u></u>	<u><u>40,363,516.08</u></u>	<u><u>1,186,748.22</u></u>
Total Liabilities and Capital	<u><u>345,308,967.16</u></u>	<u><u>355,099,132.57</u></u>	<u><u>(9,790,165.41)</u></u>
RATIOS			
Tier One Equity Capital to Assets	11.89%	11.27%	0.62%
Book Value	\$554.00	\$533.92	\$20.08
Earnings per Share	\$52.01	(\$61.35)	\$113.36
Tier One Equity Capital and Loss Reserve to Assets	11.89%	13.19%	-1.30%

Farmers State Bank
Condensed Income and Expense Statement
Condensed Prior Year Comparison
December 31, 2016

	<u>2016</u>	<u>2015</u>	<u>NET CHANGE</u>
INCOME			
Interest Income on Loans	\$10,206,893.56	\$10,461,642.15	(\$254,748.59)
Interest on Investment Securities	2,168,738.16	2,464,671.96	(295,933.80)
Interest on Fed Funds & Other Inv.	432,812.45	308,081.44	124,731.01
Ser. Charges on Transaction Accounts	1,262,501.51	1,220,179.83	42,321.68
Other Fees	213,656.81	206,566.16	7,090.65
Other Operating Income	253,707.39	232,720.43	20,986.96
TOTAL INCOME	<u>14,538,309.88</u>	<u>14,893,861.97</u>	<u>(355,552.09)</u>
EXPENSES			
Salaries & Employee Benefits	5,556,557.23	5,527,760.07	28,797.16
Interest on Deposits	868,295.38	895,980.25	(27,684.87)
Occupancy Expense	733,198.79	594,170.94	139,027.85
Other Operating Expenses	3,279,545.46	3,077,100.19	202,445.27
Provision For Possible Loan Loss	200,000.00	9,400,000.00	(9,200,000.00)
Applicable Income Taxes	0.00	0.00	0.00
TOTAL EXPENSES	<u>10,637,596.86</u>	<u>19,495,011.45</u>	<u>(8,857,414.59)</u>
NET PROFIT YTD	<u>3,900,713.02</u>	<u>(4,601,149.48)</u>	<u>8,501,862.50</u>

FARMERS STATE BANK
RESERVE FOR POSSIBLE LOAN LOSSES
AND
TYPE SUMMARY OF THE LOAN PORTFOLIO

	12/31/16	12/31/15	NET CHANGE
BEGINNING BALANCE	6,799,036.79	2,360,622.02	4,438,414.77
RECOVERIES CREDITED TO RESERVE	236,755.60	87,760.58	148,995.02
PROVISION FOR POSSIBLE LOAN LOSSES	200,000.00	9,400,000.00	(9,200,000.00)
LESS: LOSSES CHARGED TO ALLOWANCE	3,900,025.92	5,049,345.81	(1,149,319.89)
YEAR END DECEMBER 31, 2016	<u>3,335,766.47</u>	<u>6,799,036.79</u>	<u>(3,463,270.32)</u>

	12/31/16	12/31/15	NET CHANGE
LOAN TYPES			
Real Estate Loans			
Construction & Development	22,995,000.00	11,873,000.00	11,122,000.00
Secured by Farmland	47,592,000.00	49,039,000.00	(1,447,000.00)
Secured by 1-4 Family Residential Properties	24,303,000.00	26,026,000.00	(1,723,000.00)
Secured by NonFarm NonResidential Properties	13,932,000.00	17,509,000.00	(3,577,000.00)
Loans to Finance Agricultural			
Production & Other Loans to Farmers	11,501,000.00	11,543,000.00	(42,000.00)
Commercial & Industrial Loans	59,631,000.00	48,012,000.00	11,619,000.00
Loans to Individuals			
a. To Purchase Automobiles	1,232,000.00	1,453,000.00	(221,000.00)
b. To purchase Mobile Homes	0.00	0.00	0.00
c. Other Loans to Purchase Consumer Goods	8,146,000.00	8,218,000.00	(72,000.00)
All Other Loans	1,830,000.00	11,781,000.00	(9,951,000.00)
TOTAL LOANS	<u>191,162,000.00</u>	<u>185,454,000.00</u>	<u>5,708,000.00</u>