AMENDED

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.

I, C. C. Burgess
Name of the Holding Company Director and Official

Chairman
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

03/27/2017
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- [x] 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. _____

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

Herring Bancorp, Inc.
Legal Title of Holding Company

2201 Civic Circle
(Mailing Address of the Holding Company) Street / P.O. Box

Amarillo	TX	79109
City	State	Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Nathan Terry	Controller
Name	Title

806-322-2763
Area Code / Phone Number / Extension

806-358-4196
Area Code / FAX Number

nterry@herringbank.com
E-mail Address

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** ..... [ ]

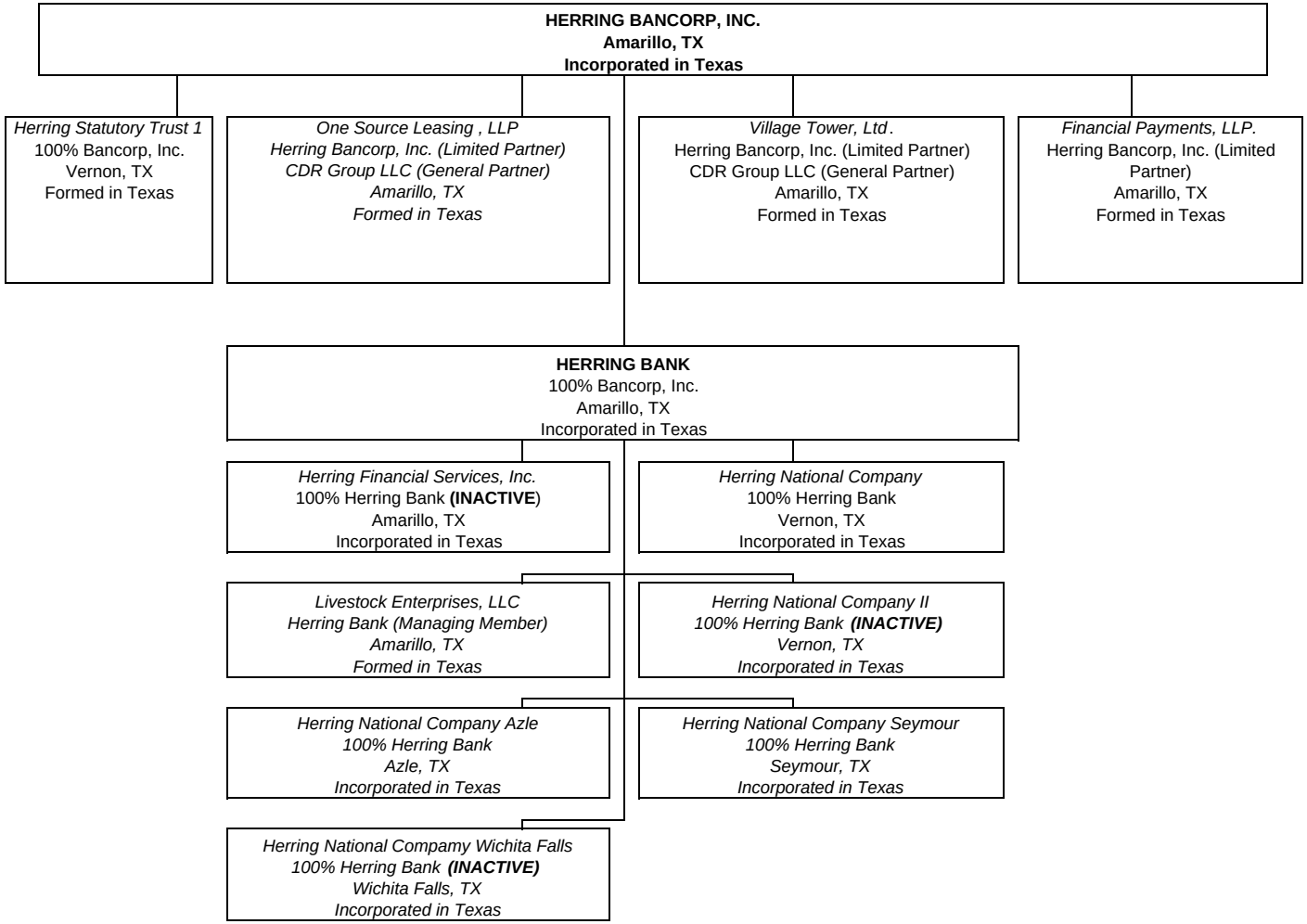
NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

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

AMENDED

Corporate Structure

December 31, 2016



No LEI for any of the above entities is available

Results: A list of branches for your depository institution: HERRING BANK (ID_RSSD: 610164).
This depository institution is held by HERRING BANCORP, INC. (1109496) of AMARILLO, 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)	610164	HERRING BANK	2201 CIVIC CIRCLE	AMARILLO	TX	79109	POTTER	UNITED STATES	3788	0	HERRING BANK	610164	
ok		Full Service	3921245	COLORADO SPRINGS BRANCH	3110 NORTH NEVADA AVENUE	COLORADO SPRINGS	CO	80907	EL PASO	UNITED STATES	12746	10	HERRING BANK	610164	
ok		Full Service	3958027	ALTUS BRANCH	721 NORTH MAIN STREET	ALTUS	OK	73521	JACKSON	UNITED STATES	6314	16	HERRING BANK	610164	
ok		Full Service	3324819	ALTUS WAL-MART BRANCH	2500-2516 NORTH MAIN STREET	ALTUS	OK	73521	JACKSON	UNITED STATES	221461	17	HERRING BANK	610164	
ok		Full Service	2995669	DOWNTOWN BRANCH	400 SOUTH PIERCE STREET	AMARILLO	TX	79101	POTTER	UNITED STATES	207835	7	HERRING BANK	610164	
ok		Full Service	2995650	UNITED BRANCH	5807 S W 45TH STREET	AMARILLO	TX	79109	RANDALL	UNITED STATES	207832	1	HERRING BANK	610164	
ok		Full Service	3918759	AZLE BRANCH	108 INDUSTRIAL AVENUE	AZLE	TX	76020	PARKER	UNITED STATES	489856	14	HERRING BANK	610164	
ok		Full Service	857857	CLARENDON BRANCH	123 S. KEARNEY	CLARENDON	TX	79226	DONLEY	UNITED STATES	809	5	HERRING BANK	610164	
ok		Full Service	4091761	GRAND PRAIRIE BRANCH	2317 SOUTH BELT LINE ROAD	GRAND PRAIRIE	TX	75051	DALLAS	UNITED STATES	510577	18	HERRING BANK	610164	
ok		Full Service	3907025	SEYMOUR BRANCH	323 NORTH MAIN STREET	SEYMOUR	TX	76380	BAYLOR	UNITED STATES	491613	15	HERRING BANK	610164	
ok		Full Service	3349157	DOWNTOWN BRANCH	1900 PEASE ST	VERNON	TX	76384	WILBARGER	UNITED STATES	364772	8	HERRING BANK	610164	
ok		Limited Service	3543375	MOBILE BRANCH	1900 PEASE STREET	VERNON	TX	76384	WILBARGER	UNITED STATES	444626	9	HERRING BANK	610164	
ok		Full Service	2014113	Y-BRANCH	4102 WILBARGER	VERNON	TX	76384	WILBARGER	UNITED STATES	288330	3	HERRING BANK	610164	

Form FR Y-6
Herring Bancorp, Inc.
Fiscal Year Ending December 31, 2016

Report Item 3 ; Securities holders
(1)(a)(b)(c) and (2)(a)(b)(c)

Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2015				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 12-31-2015			
1 (a)	1 (b)	1 (c)		2 (a)	2(b)	2(c)	
Name & Address	Country of Citizenship or Incorporation	# of voting shares	% of Voting Shares	Name & Address	Country of Citizenship or Incorporation	# of voting shares	% of Voting Shares
C.C. Burgess - Individually Amarillo, TX 79105	USA	6,522	18.82%	N/A			
TOTAL C.C. Burgess		**6,522**	**18.82%**				
Campbell Burgess - Individually	USA	50	0.14%				
Burgess Trust No. 2 Trustee: Monarch Trust Company Amarillo, TX 79105 Voted by C.C. Burgess	USA	6,584	19.00%				
TOTAL C. Campbell Burgess		**6,634**	**19.14%**				
Louise Johnson Thomas Trust Amarillo, TX 79159	USA	3,160	9.12%				
Cornelia Johnson Slemp Trust Amarillo, TX 79159	USA	2,958	8.54%				
TOTAL Herring Bank Trust Dept (Co-Trustee) Voted by Randy Hahn		**6,118**	**17.65%**				
Kelly & Susan Couch Living Trust Trustee: Susan Couch Vernon, TX 76384	USA	2,840	8.19%				
TOTAL Susan Couch		**2,840**	**8.19%**				
Carson H. Burgess - Individually	USA	17	0.05%				
Burgess Trust No. 3 Trustee: Monarch Trust Company Amarillo, TX 79105 Voted by C.C. Burgess	USA	3,977	11.48%				
TOTAL Carson Burgess		**3,994**	**11.52%**				
Charlotte Griffiths:							
Burgess Trust No. 4 Trustee: Monarch Trust Company Amarillo, TX 79105 Voted by C.C. Burgess	USA	4,166	12.02%				
TOTAL Charlotte Griffiths		**4,166**	**12.02%**				

Voting shares outstanding	34,657
Non-voting shares outstanding	2,626
Total shares outstanding	37,283
Voting shares outstanding + Outstanding Voting Stock Options	34,657

AMENDED

Form FR Y-6
Herring Bancorp, Inc.
Fiscal Year Ending December 31, 2016

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

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Names & Address	**Principal Occupation if other than with Bank Holding Company**	**Title & Position with Bank Holding Company**	**Title & Position with Subsidiaries**	**Title & Position with Other Businesses**	**Percentage of Voting Shares in Bank Holding Company**	**Percentage of Voting Shares in Subsidiaries**	**List names of other companies**
Campbell Burgess Amarillo, TX USA	N/A	Director, President, CEO, Vice Chairman	Director (Herring Bank), President & Director (Herring Financial Services, Inc.), VP & Director (Herring National Co.)	President & Director - Chain C, Inc. Member / Manager of FCCTX, LLC	19.14%	N/A	N/A
Charlotte Griffiths Wales, UK	Hotel Owner	Director	Director (Herring Bank)	Secretary - Chain-C, Inc.	12.02%	N/A	N/A
C.C. Burgess Amarillo, TX USA	Investments	Director & Chairman	Director & Chairman (Herring Bank), Director & Chairman (Herring Financial Services), President & Director (Herring National Co)	Owner - Burgess Herring Ranch, Owner - Burgess Y Ranch, Owner - Herring X, Owner - CCB Special Owner - Burgess Oil President - Zircon, Inc. President - Burgess Wheeler President - Herring Cattle Co. Chairman - Texas Panhandle Heritage Foundation	18.82%	N/A	Burgess Herring Ranch - 100% Burgess Y Ranch - 100% Herring X - 100% Burgess Wheeler - 78% CCB Special - 100% Burgess Oil - 100%
Susan Couch Vernon, TX USA	Consultant	N/A	Director (Herring Bank)	President & Manager - Couch Consulting & Management, LLC Trustee - The Kelly and Susan Couch Living Trust	8.19%	N/A	Couch Consulting & Management, LLC - 100% The Kelly and Susan Couch Living Trust - 100%
Herring Bank Trust Department Amarillo, TX USA	Wealth Management	N/A	N/A	N/A	17.65%	N/A	N/A
Christopher Todd Clark Houston, TX USA	Oil & Gas	Director	N/A	Owner - Todd Clark Oil and Gas Investment	0.14%	N/A	Todd Clark Oil and Gas Investment - 100%
Carson Burgess Amarillo, TX USA	Airplane Pilot	Director	N/A	Owner - CH Burgess & Co.	11.52%	N/A	CH Burgess & Co. - 100%
Danny Skarda Amarillo, TX USA	Banker	Corporate Sec. & Treasurer	CEO & Director (Herring Bank)	N/A	0.14%	N/A	N/A
Jack Hall Amarillo, TX USA	Banker	Vice President / CFO	CFO (Herring Bank)	N/A	N/A	N/A	N/A

HERRING BANCORP, INC.
AND SUBSIDIARIES

SEPARATE COMPANY FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANT'S
COMPILATION REPORT

December 31, 2016 and 2015

JOHNSON & SHELDON, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

HERRING BANCORP, INC. AND SUBSIDIARIES
SEPARATE COMPANY FINANCIAL STATEMENTS

December 31, 2016 and 2015

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SEPARATE COMPANY FINANCIAL STATEMENTS

Herring Bancorp, Inc ..... HBI
One Source Leasing Company, LP ..... OSL
Village Tower, Ltd ..... VT
Financial Payments, LP ..... FP
Herring Bank ..... HB
Herring Financial Services, Inc ..... HFS
Herring National Company, Inc (combined) ..... HNC

JOHNSON & SHELDON, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Herring Bancorp, Inc. and Subsidiaries
Amarillo, Texas

Independent Accountant's Compilation Report

Management is responsible for the accompanying separate company financial statements of **Herring Bancorp, Inc. and Subsidiaries**, as listed below, which comprise the balance sheets as of December 31, 2016 and 2015 and the related statements of operations and comprehensive income*, changes in stockholders' equity*, and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA:

Herring Bancorp, Inc.*
One Source Leasing Company, LP.
Village Tower, Ltd.
Financial Payments, LP.
Herring Bank*
Herring Financial Services, Inc.
Herring National Company, Inc., which includes the following disregarded entities:
- Herring National Company, Inc.
- Herring National Company II, Inc.
- Herring National Company Azle, Inc.
- Herring National Company Seymour, Inc.
- Herring National Company Wichita Falls, Inc.

* Management has elected to include the separate company statements of changes in stockholders' equity and comprehensive income.

We did not audit or review these separate company 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 separate company financial statements.

SUITE 200 • 500 TAYLOR
P.O. BOX 509
AMARILLO, TX 79105-0509

An Independently Owned Member
McGLADREY ALLIANCE | McGladrey

TELEPHONE 806 / 371-7661
FAX: 806 / 371-0529
TOLL FREE: 1-800-530-4804

Management has elected to omit substantially all the disclosures and the statements of changes in stockholders' equity* and the statements of comprehensive income* ordinarily included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. If the omitted disclosures and statements* 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.

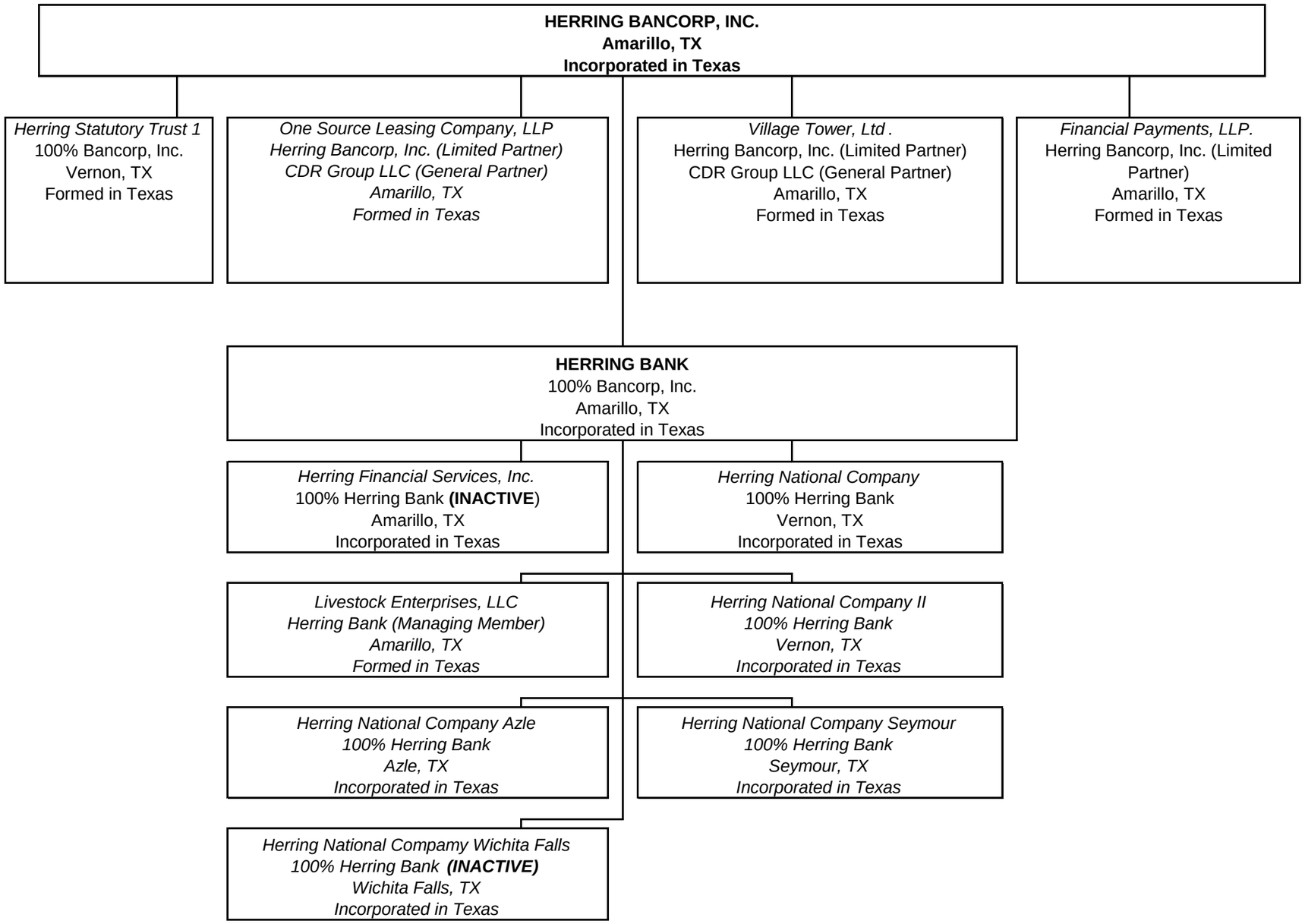
Johnson & Sheldon, PLLC

Johnson & Sheldon, PLLC

March 13, 2017

Corporate Structure

December 31, 2016



No LEI for any of the above entities is available

HERRING BANCORP, INC.

HERRING BANCORP, INC.

BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current Assets		
Cash	$ 1,037,912	$ 2,402,123
Receivable from subsidiaries	21,273	12,708
Dividends receivable from subsidiary bank	6,708,899	-
Interest receivable-Herring Statutory Trust	2,345	2,053
Total Current Assets	7,770,429	2,416,884
Equipment, net	32,091	45,332
Investments		
Investments in subsidiaries:		
Herring Bank	44,554,186	50,816,258
Herring Statutory Trust	310,000	310,000
Village Tower, Ltd.	3,328,013	3,067,979
One Source Leasing Company, LP.	538,236	536,386
Financial Payments, LP.	1,549,842	1,617,639
Total Investments	50,280,277	56,348,262
Other Assets		
Miscellaneous other assets	168,760	217,363
Receivable from legal settlement	32,828	32,828
Total Other Assets	201,588	250,191
Total Assets	$ 58,284,385	$ 59,060,669

See accompanying independent accountant's compilation report

HERRING BANCORP, INC.

BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accrued interest payable	$ 130,743	$ 131,739
Interest rate swap	327,792	445,879
Other liabilities	78,462	116,664
Total Current Liabilities	536,997	694,282
Long-Term Liabilities		
Debentures payable-Herring Statutory Trust	10,310,000	10,310,000
Debentures payable-Individual	2,044,862	2,044,862
Total Long-Term Liabilities	12,354,862	12,354,862
Total Liabilities	12,891,859	13,049,144
Stockholders' Equity		
Common stock, $20 par value, 300,000 shares authorized, 40,251 shares issued and outstanding	805,020	805,020
Paid-in capital	7,023,303	7,023,303
Retained earnings	44,431,648	37,310,311
Accumulated other comprehensive income (loss)	(3,877,451)	2,756,481
	48,382,520	47,895,115
Less treasury stock, at cost, 3,018 shares	(2,989,994)	(1,883,590)
Total Stockholders' Equity	45,392,526	46,011,525
Total Liabilities and Stockholders' Equity	$ 58,284,385	$ 59,060,669

See accompanying independent accountant's compilation report

HERRING BANCORP, INC.

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Income		
Undistributed current earnings of subsidiaries, net	$ 684,034	$ 126,412
Dividends in excess of subsidiary earnings	-	(584,685)
Cash dividends received and receviable from subsidiaries	9,308,982	3,936,793
Total Dividends and Current Earnings of Subsidiaries	9,993,016	3,478,520
Other Income		
Management fees, from subsidiaries	584,326	610,807
Interest income-Herring Statutory Trust	13,416	12,138
Dividend income-other domestic	1,047	381
Total Other Income	598,789	623,326
Total Income	10,591,805	4,101,846
Expenses		
Salary and employee benefits	1,391,345	1,409,015
Interest expense	748,425	745,273
Legal and professional fees	542,022	232,269
Chairman fee	100,000	100,000
Rent	49,809	60,437
Depreciation and amortization	23,241	21,803
Directors fees	57,544	60,000
Other expenses	62,052	46,108
Travel and entertainment	17,348	25,080
Automobile expense	8,470	9,138
Total Expenses	3,000,256	2,709,123
Net Income	$ 7,591,549	$ 1,392,723

See accompanying independent accountant's compilation report

HERRING BANCORP, INC.

STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Net Income	$ 7,591,549	$ 1,392,723
Other comprehensive income (loss):		
Net change in unrealized gains (losses) on securities available for sale	(6,558,061)	1,041,106
Net change in minimum pension liability	(193,958)	(1,109,114)
Net change in interest rate swap valuation	118,087	73,539
Total Other Comprehensive Income (Loss):	(6,633,932)	5,531
Comprehensive Income	$ 957,617	$ 1,398,254

See accompanying independent accountant's compilation report

HERRING BANCORP, INC.

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 (Loss)	Treasury Stock	Total
Balance at December 31, 2014	$ 805,020	$ 7,023,303	$ 38,129,960	$ 2,750,950	$ (1,883,590)	$ 46,825,643
Comprehensive income:						
Net income for 2015	-	-	1,392,723	-	-	1,392,723
Other Comprehensive Income (Loss)	-	-	-	5,531	-	5,531
Total comprehensive income						1,398,254
Cash distributions on common stock	-	-	(2,212,372)	-	-	(2,212,372)
Balance at December 31, 2015	$ 805,020	$ 7,023,303	$ 37,310,311	$ 2,756,481	$ (1,883,590)	$ 46,011,525
Comprehensive income:						
Net income for 2016	-	-	7,591,549	-	-	7,591,549
Other Comprehensive Income (Loss)	-	-	-	(6,633,932)	-	(6,633,932)
Total comprehensive income						957,617
Purchase of 899 shares treasury stock					(1,106,404)	(1,106,404)
Cash distributions on common stock	-	-	(470,214)	-	-	(470,214)
Balance at December 31, 2016	$ 805,020	$ 7,023,303	$ 44,431,646	$ (3,877,451)	$ (2,989,994)	$ 45,392,524

See accompanying independent accountant's compilation report

HERRING BANCORP, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities		
Net income	$ 7,591,549	$ 1,392,723
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization expense	23,241	21,803
Undistributed (earnings) losses of subsidiaries, net	(684,033)	458,274
(Increase) decrease in other assets	38,311	(3,182)
(Increase) decrease in related party receivable	(8,565)	261,813
(Increase) decrease in dividends receivable from subsidiary bank	(6,708,899)	-
Increase (decrease) in accrued interest payable	(996)	50
Increase (decrease) in other liabilities	(38,204)	(91,595)
Net cash provided by operating activities	212,404	2,039,886
Cash Flows from Financing Activities		
Purchase of treasury stock	(1,106,404)	-
Dividends paid to shareholders	(470,214)	(2,212,372)
Net cash used for financing activities	(1,576,618)	(2,212,372)
Net Change in Cash	(1,364,214)	(172,486)
Cash and Equivalents, Beginning of Year	2,402,123	2,574,609
Cash and Equivalents, End of Year	$ 1,037,910	$ 2,402,123
Supplemental Disclosures of Cash Flow Information		
Interest paid	$ 749,421	$ 745,223

See accompanying independent accountant's compilation report

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ONE SOURCE LEASING COMPANY, LP.

ONE SOURCE LEASING COMPANY, LP.

BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current Assets		
Cash	$ 440,399	$ 532,015
Receivables from customers	103,726	10,151
Total Current Assets	544,125	542,166
Total Assets	$ 544,125	$ 542,166
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities	$ 452	$ 362
Total Liabilities	452	362
Partners' Equity		
CDR Group	5,437	5,418
Herring Bancorp, Inc.	538,236	536,386
Total Partners' Equity	543,673	541,804
Total Liabilities and Partners' Equity	$ 544,125	$ 542,166

See accompanying independent accountant's compilation report

ONE SOURCE LEASING COMPANY, LP.

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Revenues		
Interest Income	$ 3,946	$ 1,566
Total Revenues	3,946	1,566
Other Operating Expenses		
Professional fees	650	-
Other expenses	1,429	2,593
Total Operating Expenses	2,079	2,593
Net Income (Loss)	$ 1,867	$ (1,027)

See accompanying independent accountant's compilation report

ONE SOURCE LEASING COMPANY, LP.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities		
Net income (loss)	$ 1,867	$ (1,027)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Amortization expense	-	-
(Increase) decrease in receivable from Herring Bancorp	-	-
(Increase) decrease in receivable from customer	(93,576)	1,480
Increase (decrease) in other liabilities	91	(18)
Net cash provided by (used for) operating activities	(91,616)	435
Net Change in Cash	(91,616)	435
Cash, Beginning of Year	532,015	531,580
Cash, End of Year	$ 440,399	$ 532,015

See accompanying independent accountant's compilation report

VILLAGE TOWER, LTD.

VILLAGE TOWER, LTD.

BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current Assets		
Cash	$ 1,264,541	$ 966,555
Prepaid expenses	20,091	24,559
Accounts receivable	29,792	828
Total Current Assets	1,314,424	991,942
Property and Equipment		
Land	176,232	176,232
Building	1,593,158	1,593,158
Building improvements	1,637,722	1,637,722
Equipment	305,325	237,280
Automobiles	15,950	15,950
Furniture and fixtures	28,312	28,312
Less: accumulated depreciation	(1,595,083)	(1,458,623)
Total Property and Equipment, net	2,161,616	2,230,031
Total Assets	$ 3,476,040	$ 3,221,973
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities		
Accrued expenses	$ 121,198	$ 118,056
Customer Deposit/Prepaid	-	11,733
Total Current Liabilities	121,198	129,789
Partners' Equity		
CDR Group	26,830	24,204
Herring Bancorp, Inc.	3,328,012	3,067,981
Total Partners' Equity	3,354,842	3,092,184
Total Liabilities and Partners' Equity	$ 3,476,040	$ 3,221,973

See accompanying independent accountant's compilation report

VILLAGE TOWER, LTD.

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Operating Income		
Lease income	$ 1,166,488	$ 1,230,915
Miscellaneous income	6,286	16,403
Total Operating Income	1,172,774	1,247,318
Operating Expenses		
Salaries and employee benefits	135,060	142,526
Utilities	186,704	212,337
Maintenance and repairs	173,462	225,366
Depreciation	136,459	126,122
Property taxes	111,891	108,475
Insurance	42,961	61,149
Management fees - related party	86,108	89,670
Janitorial services	13,887	13,644
Automobile expenses	2,799	4,048
Supplies	8,887	6,541
Other expenses	11,897	10,314
Total Operating Expenses	910,115	1,000,192
Interest Expense	-	821
Net Income	$ 262,659	$ 246,305

See accompanying independent accountant's compilation report

VILLAGE TOWER, LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities		
Net income	$ 262,659	$ 246,305
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation	136,459	126,466
(Increase) decrease in accounts receivable	(28,965)	(76)
(Increase) decrease in prepaid expenses	4,468	15,147
Increase (decrease) in customer deposit/prepaid	(11,733)	11,733
Increase (decrease) in accrued expenses	3,142	(145,202)
Net cash provided by operating activities	366,030	254,373
Cash Flows from Investing Activities		
Purchases of equipment	(68,044)	-
Net cash used for investing activities	(68,044)	-
Cash Flows from Financing Activities		
Principal repayments on notes payable	-	(96,421)
Net cash used for financing activities	-	(96,421)
Net Change in Cash	297,986	148,930
Cash, Beginning of Year	966,555	817,625
Cash, End of Year	$ 1,264,541	$ 966,555
Supplemental Disclosures of Cash Flow Information		
Interest paid	$ -	$ 1,378

See accompanying independent accountant's compilation report

FINANCIAL PAYMENTS, LP.

FINANCIAL PAYMENTS, LP.

BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current Assets		
Cash	$ 1,308,935	$ 979,883
Prepaid expenses	4,002	21,757
Total Current Assets	1,312,937	1,001,640
Premises and equipment, net	6,269	11,763
Other Assets		
Software, net	690,473	604,028
Total Assets	$ 2,009,679	$ 1,617,431
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities		
Accounts payable	$ 7,073	$ 566
Payments in process	467,695	13,473
Total Liabilities	474,768	14,039
Partners' Equity		
Herring Bancorp, Inc.	1,549,842	1,617,638
Financial Payments, LLC.	(14,931)	(14,246)
Total Partners' Equity	1,534,911	1,603,392
Total Liabilities and Partners' Equity	$ 2,009,679	$ 1,617,431

See accompanying independent accountant's compilation report

FINANCIAL PAYMENTS, LP.

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Operating Income		
Processing fees	$ 668,309	$ 681,117
Total Operating Income	668,309	681,117
Operating Expenses		
Contract labor	276,643	286,857
Salaries and employee benefits	159,865	221,690
Amortization and depreciation	167,504	151,211
Professional fees	40,542	59,800
Rent	12,194	18,357
Miscellaneous expenses	44,445	17,109
Utilities	1,975	10,416
Supplies	22,364	10,389
Business development	10,450	10,036
Travel and entertainment	744	9,063
Postage and shipping	64	3,777
Total Operating Expenses	736,790	798,705
Net Income (Loss)	$ (68,481)	$ (117,588)

See accompanying independent accountant's compilation report

FINANCIAL PAYMENTS, LP.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities		
Net Income (Loss)	$ (68,481)	$ (117,588)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Amortization and depreciation	167,504	151,211
(Increase) decrease in other current assets	17,755	(5,859)
(Increase) decrease in accounts payable	6,507	26,142
Increase (decrease) in Payable to Herring Bancorp	454,222	11,561
Net cash provided by (used for) operating activities	577,507	65,467
Cash Flows from Investing Activities		
Capitalization of internally developed software costs	(248,455)	(311,933)
Purchases of equipment and software	-	(27,971)
Net cash provided by (used for) investing activities	(248,455)	(339,904)
Net Change in Cash	329,052	(274,437)
Cash, Beginning of Year	979,883	1,254,320
Cash, End of Year	$ 1,308,935	$ 979,883

See accompanying independent accountant's compilation report

HERRING BANK

HERRING BANK

BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Cash and due from banks	$ 13,506,216	$ 14,613,726
Interest bearing and time deposit accounts in other banks	27,448,100	17,504,464
Securities available for sale	43,880,793	86,787,287
Other investments	536,122	453,222
Mortgage loans held for sale	2,854,598	2,307,701
Loans, net of unearned discounts and allowance for loan losses of $3,550,641 and $4,620,863	310,766,257	278,508,884
Premises and equipment, net	8,187,598	6,659,646
Accrued interest receivable on loans and investments	1,880,060	1,783,748
Other real estate owned	3,648,429	211,140
Prepaid expenses and assessments	2,340,202	1,874,999
Other assets	2,994,978	3,401,413
Equity in net assets of subsidiaries	2,978,249	3,265,867
Total Assets	$ 421,021,602	$ 417,372,097
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand-noninterest bearing	$ 101,749,313	$ 104,088,905
Demand-interest bearing	128,751,110	135,082,411
Savings	27,527,415	27,630,986
Time certificates of deposit	111,042,390	98,631,196
Total Deposits	369,070,228	365,433,498
Accrued interest payable	75,256	62,735
Dividends payable	6,708,899	-
Other liabilities	613,033	1,059,608
Total Liabilities	376,467,416	366,555,841
Stockholders' Equity		
Common stock	1,000,000	1,000,000
Paid-in capital	40,000,000	40,000,000
Retained earnings	7,103,845	6,613,896
Accumulated other comprehensive income (loss)	(3,549,659)	3,202,360
Total Stockholders' Equity	44,554,186	50,816,256
Total Liabilities and Stockholders' Equity	$ 421,021,602	$ 417,372,097

See accompanying independent accountant's compilation report

HERRING BANK

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Interest Income		
Interest and fees on loans	$ 16,567,378	$ 17,184,616
Interest on investment securities:		
U.S. Government agency obligations	758,429	1,137,529
U.S. Government treasury obligations	2,985	79,370
Municipal obligations	19,793	23,831
Mortgage-backed securities	164,745	377,326
Other investment income	92,494	84,790
Interest on deposits in other banks	73,615	62,998
Total Interest Income	17,679,439	18,950,460
Interest Expense		
Interest on deposit accounts	831,607	781,541
Other borrowings	1,161	207
Total Interest Expense	832,768	781,748
Net Interest Income	16,846,671	18,168,712
Provision for Loan Losses	1,015,492	1,715,339
Net Interest Income after Provision for Loan Losses	15,831,179	16,453,373
Other Income		
Service charges, commissions and fees	2,559,983	2,700,516
Income from fiduciary activities	1,786,235	1,813,083
Gain on sale of mortgage loans	1,179,606	1,841,460
Fee interchange income	757,867	746,405
Gain on sale of securities	7,117,148	93,982
Other income	898,036	789,279
Equity in earnings of subsidiaries	27,033	23,856
Total Other Income	14,325,908	8,008,581
Other Expenses		
Salaries and employee benefits	11,287,537	11,234,633
Occupancy expense	1,936,509	1,930,611
Stationery, supplies and printing	500,230	526,355
Advertising and promotion	281,166	264,157
Other expenses	6,352,714	7,154,093
Total Other Expenses	20,358,156	21,109,849
Net Income	$ 9,798,931	$ 3,352,105

See accompanying independent accountant's compilation report

HERRING BANK

STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Net Income	$ 9,798,931	$ 3,352,105
Other comprehensive income:		
Net change in unrealized gains (losses) on securities available for sale	(6,558,061)	1,041,106
Net change in minimum pension liability	(193,958)	(1,109,114)
Total Other Comprehensive Income (Loss)	(6,752,019)	(68,008)
Comprehensive Income	$ 3,046,912	$ 3,284,097

See accompanying independent accountant's compilation report

HERRING BANK

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 (Loss)	Total
Balance at December 31, 2014	$ 1,000,000	$ 40,000,000	$ 7,198,592	$ 3,270,368	$ 51,468,960
Comprehensive income:					
Net income for 2015	-	-	3,352,105	-	3,352,105
Other comprehensive income (loss)	-	-	-	(68,008)	(68,008)
Total comprehensive income					3,284,097
Cash distributions on common stock	-	-	(3,936,801)	-	(3,936,801)
Balance at December 31, 2015	$ 1,000,000	$ 40,000,000	$ 6,613,896	$ 3,202,360	$ 50,816,256
Comprehensive income:					
Net income for 2016	-	-	9,798,931	-	9,798,931
Other comprehensive income (loss)	-	-	-	(6,752,019)	(6,752,019)
Total comprehensive income					3,046,912
Cash distributions on common stock	-	-	(9,308,982)	-	(9,308,982)
Balance at December 31, 2016	$ 1,000,000	$ 40,000,000	$ 7,103,845	$ (3,549,659)	$ 44,554,186

See accompanying independent accountant's compilation report

HERRING BANK

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities		
Net income	$ 9,798,931	$ 3,352,105
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,015,492	1,715,339
Depreciation and amortization	695,393	696,514
Net losses (gains) on sales of loans, securities and other assets	(7,117,148)	(86,284)
Net losses (gains) on other real estate and other foreclosures	(43,400)	188,564
Non-cash losses (recoveries) on banking operations	169,735	367,727
Net amortization (accretion) on investment securities	52,080	206,529
(Increase) decrease in accrued interest receivable	(96,312)	15,797
(Increase) decrease in prepaid expenses	(659,161)	(713,184)
(Increase) decrease in other assets	581,801	(120,302)
Increase (decrease) in accrued interest payable	12,521	(10,782)
Increase (decrease) in dividends payable	6,708,899	-
Increase (decrease) in other liabilities	(446,575)	(1,139,502)
Undistributed (earnings) losses of subsidiaries, net	287,618	(23,855)
Net cash provided by operating activities	10,959,874	4,448,666
Cash Flows from Investing Activities		
Proceeds from maturities and pay-downs on securities available for sale	74,541,510	67,137,151
Purchases of securities available for sale	(31,128,009)	(44,813,160)
Net change in loans to customers	(38,010,791)	(27,156,538)
Proceeds from disposal of assets and other real estate owned	443,280	818,968
Purchases of premises and equipment	(2,214,551)	(365,981)
Net cash provided by (used for) investing activities	3,631,439	(4,379,560)
Cash Flows from Financing Activities		
Net change in deposits	3,466,995	(13,563,419)
Dividends paid to shareholders	(9,308,982)	(3,936,801)
Net cash used for financing activities	(5,841,987)	(17,500,220)
Net Change in Cash and Due From Banks	8,749,326	(17,431,114)
Cash, Due From Banks and Interest Bearing Deposit Accounts, Beginning of Year	32,118,190	49,549,304
Cash, Due From Banks and Interest Bearing Deposit Accounts, End of Year	$ 40,867,516	$ 32,118,190
Supplemental Disclosures of Cash Flow Information		
Interest paid	$ 820,247	$ 792,530
Other real estate owned, acquired through foreclosure	$ 3,820,985	$ 466,438
Transfers from bank premises to other real eastate owned	$ 164,355	$ -

See accompanying independent accountant's compilation report

HERRING FINANCIAL SERVICES, INC.

HERRING FINANCIAL SERVICES, INC.

BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current Assets		
Cash	$ 2,171,183	$ 2,047,161
Accrued interest receivable	-	475
Total Current Assets	2,171,183	2,047,636
Other Assets		
Note receivable, net of allowance of $0 and $2,511	-	118,254
Total Other Assets	-	118,254
Total Assets	$ 2,171,183	$ 2,165,890
LIABILITIES AND STOCKHOLDERS' EQUITY		
Stockholders' Equity		
Common stock	301,000	301,000
Paid-in capital	1,130,036	1,130,036
Retained earnings	740,147	734,854
Total Stockholders' Equity	2,171,183	2,165,890
Total Liabilities and Stockholders' Equity	$ 2,171,183	$ 2,165,890

See accompanying independent accountant's compilation report

HERRING FINANCIAL SERVICES, INC.

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Income		
Interest income	$ 2,782	$ 7,966
Total Income	2,782	7,966
Operating Expenses (Income)		
Provision (credit) for loan losses	(2,510)	(134)
Total Operating Expenses (Income)	(2,510)	(134)
Net Income	$ 5,292	$ 8,100

See accompanying independent accountant's compilation report

HERRING FINANCIAL SERVICES, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities		
Net income	$ 5,292	$ 8,100
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Credit for loan losses	(2,511)	(133)
(Increase) decrease in accrued interest receivable	475	(551)
Net cash provided by operating activities	3,256	7,416
Cash Flows from Investing Activities		
Repayments on note receivable, net	120,766	16,634
Net cash provided by operating activities	120,766	16,634
Net Change in Cash	124,022	24,050
Cash, Beginning of Year	2,047,161	2,023,111
Cash, End of Year	$ 2,171,183	$ 2,047,161

See accompanying independent accountant's compilation report

HERRING NATIONAL COMPANY, INC.

HERRING NATIONAL COMPANY, INC.

COMBINED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Current Assets		
Cash	$ 396,079	$ 364,385
Total Current Assets	396,079	364,385
Property and Equipment, net	411,212	736,566
Total Assets	$ 807,291	$ 1,100,951
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Other Liabilities	$ 225	$ 975
Total Liabilities	225	975
Stockholders' Equity		
Common stock	125,000	125,000
Paid-in capital	437,094	751,747
Retained earnings	244,972	223,229
Total Stockholders' Equity	807,066	1,099,976
Total Liabilities and Stockholders' Equity	$ 807,291	$ 1,100,951

See accompanying independent accountant's compilation report

HERRING NATIONAL COMPANY, INC.

COMBINED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Operating Income		
Lease income	$ 68,551	$ 60,795
Total Operating Income	68,551	60,795
Operating Expenses		
Repairs and maintenance	29,733	28,792
Depreciation	22,909	21,252
Loss on sale of equipment	(5,833)	-
Total Operating Expenses	46,809	50,044
Net Income	$ 21,742	$ 10,751

See accompanying independent accountant's compilation report

HERRING NATIONAL COMPANY, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities		
Net Income	$ 21,742	$ 10,751
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	22,909	21,252
Gain (loss) on sale of equipment	(5,833)	-
Increase (decrease) in other current liabilities	(750)	(499)
Net cash provided by operating activities	38,068	31,504
Cash Flows from Investing Activities		
Proceeds from disposal of assets	160,298	-
Purchase of equipment	(6,374)	-
Net cash provided by operating activities	153,924	-
Cash Flows from Financing Activities		
Distribution to shareholders	(160,298)	-
Net cash used for financing activities	(160,298)	-
Net Change in Cash	31,694	31,504
Cash, Beginning of Year	364,385	332,881
Cash, End of Year	$ 396,079	$ 364,385
Supplemental Disclosure of Cash Flow Information		
Transfer of property held as contributed capital to Herring Bank	$ 164,355	$ -

See accompanying independent accountant's compilation report