

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, Danny Weems

Name of the Holding Company Director and Official

Director / President & CEO

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.

First Gilmer Bankshares, Inc.

Legal Title of Holding Company

P. O. Box 520

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

Gilmer TX 75644

City State Zip Code

206 U. S. Highway 271 N, Gilmer, Texas 75644

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Gary Penkilo CPA

Name Title

903-597-6311

Area Code / Phone Number / Extension

903-597-0343

Area Code / FAX Number

gpenkilo@henrypeters.com

E-mail Address

N/A

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

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

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 | | <input type="checkbox"/> |
| 2. a letter justifying this request has been provided separately..... | | <input type="checkbox"/> |
| NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential." | | |

FIRST GILMER BANKSHARES, INC.

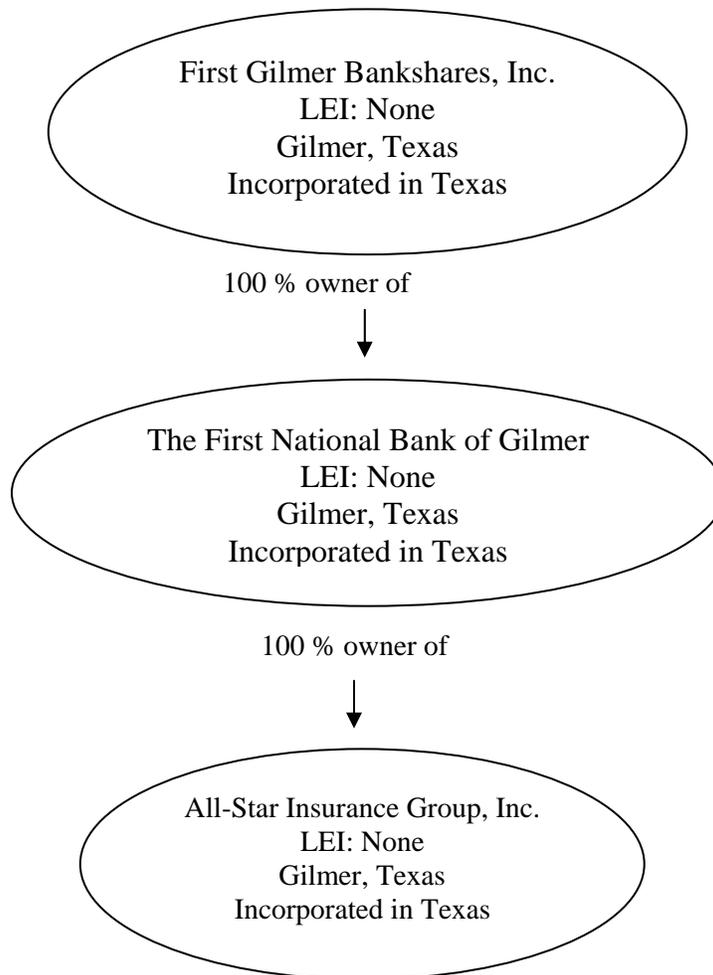
**ATTACHMENT TO ANNUAL REPORT OF BANK HOLDING COMPANIES
FR Y-6**

December 31, 2016

REPORT ITEM 1:

A copy of the holding company's annual report to shareholders for the year ended December 31, 2016 will be provided when complete.

REPORT ITEM 2:



REPORT ITEM 2b:

The branch listing was submitted to the Federal Reserve Bank.

Results: A list of branches for your holding company: **FIRST GILMER BANKSHARES, INC. (1246515) of GILMER, 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) | 445955 | FIRST NATIONAL BANK OF GILMER, THE | 206 US HIGHWAY 271 N | GILMER | TX | 75644 | UPSHUR | UNITED STATES | 2074 | 0 | FIRST NATIONAL BANK OF GILMER, THE | 445955 | |
| OK | | Full Service | 3542622 | BIG SANDY BRANCH | 908 WEST BROADWAY | BIG SANDY | TX | 75755 | UPSHUR | UNITED STATES | 196179 | 2 | FIRST NATIONAL BANK OF GILMER, THE | 445955 | |
| OK | | Full Service | 1214747 | DIANA BRANCH | 1760 US HWY 259 S | DIANA | TX | 75640 | UPSHUR | UNITED STATES | 240195 | 9 | FIRST NATIONAL BANK OF GILMER, THE | 445955 | |
| OK | | Full Service | 2985017 | LAKE COUNTRY BRANCH | 1947 FM 2946 | EMORY | TX | 75440 | RAINS | UNITED STATES | 256677 | 7 | FIRST NATIONAL BANK OF GILMER, THE | 445955 | |
| OK | | Full Service | 3542613 | WAL MART BRANCH | 1110 US HIGHWAY 271 N | GILMER | TX | 75644 | UPSHUR | UNITED STATES | 196178 | 1 | FIRST NATIONAL BANK OF GILMER, THE | 445955 | |
| OK | | Full Service | 2301578 | MINEOLA OFFICE | 100 NORTHWEST LOOP 564 | MINEOLA | TX | 75773 | WOOD | UNITED STATES | 256676 | 6 | FIRST NATIONAL BANK OF GILMER, THE | 445955 | |
| OK | | Full Service | 3651010 | MOUNT VERNON BRANCH | 602 WEST I-30 | MOUNT VERNON | TX | 75457 | FRANKLIN | UNITED STATES | 457906 | 3 | FIRST NATIONAL BANK OF GILMER, THE | 445955 | |
| OK | | Full Service | 903062 | ORE CITY BRANCH | 220 E MAIN ST | ORE CITY | TX | 75683 | UPSHUR | UNITED STATES | 11092 | 8 | FIRST NATIONAL BANK OF GILMER, THE | 445955 | |
| OK | | Full Service | 3345711 | PITTSBURG BRANCH | 1896 US HWY 271 N | PITTSBURG | TX | 75686-4136 | CAMP | UNITED STATES | 439879 | 4 | FIRST NATIONAL BANK OF GILMER, THE | 445955 | |
| OK | | Full Service | 796769 | QUITMAN BRANCH | 417 SOUTH MAIN STREET | QUITMAN | TX | 75783 | WOOD | UNITED STATES | 16594 | 5 | FIRST NATIONAL BANK OF GILMER, THE | 445955 | |

Form FR Y-6

First Gilmer Bankshares, Inc.
 Gilmer, Texas
 Fiscal Year Ending December 31, 2016

Report Item 3: Securities Holders

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

| Current Securities Holders with ownership, control or holdings of 5% or more with power to vote <u>as of fiscal year ending 12-31-2016</u> | | | Securities Holders <u>not listed in 3(1)(a) through (3)(1)(c)</u> that had ownership, control or holdings of 5% or more with power to vote <u>during</u> 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 |
| Robert B. Cook, Jr. Dallas, Texas, USA | USA | 15,700 shares (10.47%) common stock ** | | | |
| Mary Jo Dean Gilmer, Texas, USA | USA | 9,008 shares (6.01%) common stock | | NONE | |
| George Dodd Dodd Motor Co. Profit Sharing Plan Gilmer, Texas, USA | USA | 8,146 shares (5.43%) common stock * | | | |
| Tom Cook Gilmer, Texas, USA | USA | 9,058 shares (6.04%) common stock | | | |

* Includes 2,439 shares held by Dodd Motor Co. Profit Sharing Plan of which George Dodd is trustee.

** Includes shares held by spouse (124) - Louisa Cook.

*** Percentages calculated using 149,916 shares outstanding (150,000 shares issued, less 84 shares in treasury).

AMENDED

Form FR Y-6

First Gilmer Bankshares, Inc.
Gilmer, Texas
Fiscal Year Ending December 31, 2016

Report Item 4: Insiders

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

| (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) |
| Frank Breazeale Gilmer, TX, USA | N/A | Chairman / Director | Director (First National Bank - Gilmer) | Owner - B Farm; Partner - Pilots Point Partnership | 3.09% | N/A | Pilots Point Partnership (50%) B Farm (100%) |
| Tom Cook Gilmer, TX, USA | Feed Store Co-Owner | Director | Director (First National Bank - Gilmer) | Partner - R. B. Cook & Co.; V. P. - Cook Builders, Inc.; Partner - Cook Brothers Rental | 6.04% | N/A | R. & B. Cook & Co. (33%) Cook Builders, Inc. (50%) Cook Brothers Rentals (33.33%) |
| Andy Glaze Gilmer, TX, USA | Chiropractor | Director | Director (First National Bank - Gilmer) | Partner - Glaze Chiro Clinic; Owner - Glaze Dairy | 0.97% | N/A | Glaze Chiropractic (50%) Glaze Dairy, Inc. (33.33%) |
| Steve Dean Gilmer, TX, USA | Lumber Company Owner | Director | Director (First National Bank - Gilmer) | President - Cherokee Rose LP; President - Dean Lumber Co., Inc.; President - Texas Forest Products, Inc.; President/CEO - FOTPAM, Inc. | 1.92% *** | N/A | Dean Lumber Co. (100%) Cherokee Rose Ltd. Partnership (100%) Texas Forest Products, Inc. (100%) FOTPAM, Inc. (100%) |
| George C. Dodd Gilmer, TX, USA | Used Car Dealership Owner | Director | Director (First National Bank - Gilmer) | President - H. M. Dodd Motor Co.; V. P. - Dodd/Austin Rentals | 5.43% ** | N/A | H. M. Dodd Motor Co. (50%) Dodd and Austin Rentals (50%) |
| Steve Williams Gilmer, TX, USA | Lumber Company Owner | Director | Director (First National Bank - Gilmer) | President - Gilmer Lumber Co. | 2.24% | N/A | Gilmer Lumber Co. (50%) |
| David Stevenson Gilmer, TX, USA | Trucking Company Owner | Director | Director (First National Bank - Gilmer) | President/CEO Custom Commodities Transport, Inc. & Elliott Truck Line | 0.36% | N/A | N/A |
| Danny Weems Gilmer, TX, USA | N/A | CEO / President / Director | President / CEO / Director (First National Bank - Gilmer) | N/A | 0.07% | N/A | N/A |
| Robert B. Cook, Jr. Dallas, Texas, USA | Cattle Feed Store Owner | N/A | N/A | Partner - R. B. Cook & Co. | 10.47% * | N/A | R. B. Cook & Co. (33 1/3%) |

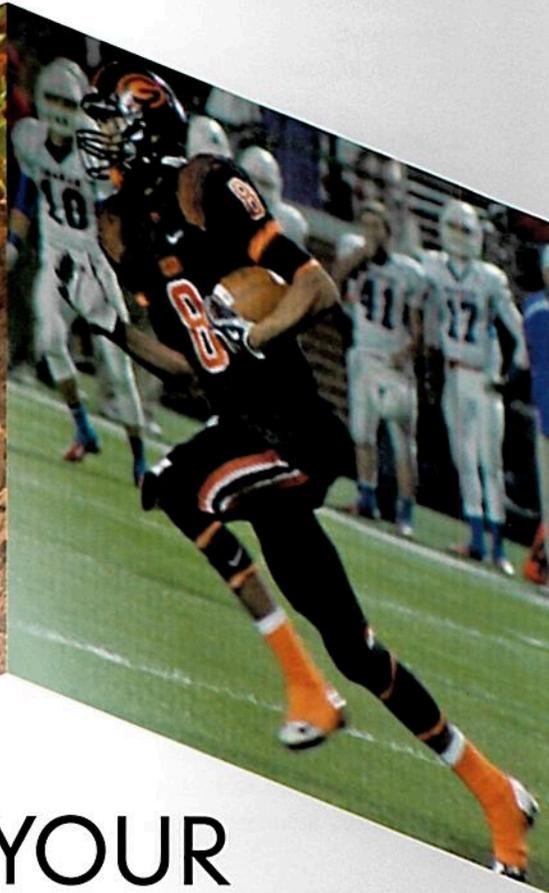
* Includes shares held by spouse (124) - Louisa Cook.

** Includes shares which are owned by H. M. Dodd Motor Co. Profit Sharing Plan. George Dodd is trustee of the plan.

*** Includes shares owned by Spouse (787) - Linda Kay Dean.

FIRST GILMER BANKSHARES, INC.

YOUR
HOMETOWN
BANK
WORKING
HARD



FOR YOUR
FAMILY & BUSINESS.

2016 ANNUAL REPORT

First Gilmer Bankshares, Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2016 and 2015

| <i>ASSETS</i> | <i>2016</i> | <i>2015</i> |
|---|-----------------------|-----------------------|
| <i>Cash and Due from Banks</i> | \$ 7,939,666 | \$ 15,094,239 |
| <i>Certificates of Deposit with Other Financial Institutions</i> | 8,223,000 | 7,229,000 |
| <i>Investment Securities:</i> | | |
| <i>Available-for-Sale</i> | 34,578,450 | 52,416,359 |
| <i>Held-to-Maturity</i> | 13,602,533 | 15,832,728 |
| <i>Federal Funds Sold</i> | 2,650,000 | 3,450,000 |
| <i>Loans, Net of Allowance for Loan Losses</i> | 216,855,809 | 207,580,331 |
| <i>Bank Premises and Equipment, Net</i> | 7,720,550 | 7,950,063 |
| <i>Other Real Estate</i> | 1,032,994 | 1,048,704 |
| <i>Restricted Stock, At Cost</i> | 1,025,107 | 970,998 |
| <i>Accrued Interest Receivable</i> | 1,561,109 | 1,576,000 |
| <i>Goodwill and Other Intangibles, Net</i> | 6,108,642 | 6,203,996 |
| <i>Cash Surrender Value of Life Insurance</i> | 9,820,067 | 9,503,807 |
| <i>Other Assets</i> | 1,539,007 | 1,460,106 |
| <i>Total Assets</i> | <u>\$ 312,656,934</u> | <u>\$ 330,316,331</u> |
| <i>LIABILITIES</i> | | |
| <i>Deposits:</i> | | |
| <i>Demand</i> | \$ 60,546,892 | \$ 62,074,373 |
| <i>NOW and Money Market</i> | 65,917,367 | 69,406,570 |
| <i>Savings</i> | 60,346,659 | 71,146,038 |
| <i>Time</i> | 73,278,843 | 77,686,075 |
| <i>Total Deposits</i> | <u>260,089,761</u> | <u>280,313,056</u> |
| <i>Accrued Expenses and Other Liabilities</i> | 1,492,873 | 2,198,788 |
| <i>Federal Home Loan Bank Advances</i> | 7,100,000 | 5,000,000 |
| <i>Total Liabilities</i> | <u>268,682,634</u> | <u>287,511,844</u> |
| <i>STOCKHOLDER'S EQUITY</i> | | |
| <i>Common Stock, \$1 Par Value, 150,000 shares authorized and Issued;</i> | | |
| <i>149,916 Shares Outstanding in 2016 and 2015, Respectively</i> | 150,000 | 150,000 |
| <i>Additional Paid-In-Capital</i> | 8,960,650 | 8,960,650 |
| <i>Retained Earnings</i> | 35,005,073 | 33,766,956 |
| <i>Less: Treasury Stock 84 Shares in 2016 and 2015, Respectively, At Cost</i> | (19,515) | (19,515) |
| <i>Accumulated Other Comprehensive (Loss) Income</i> | (121,908) | (53,604) |
| <i>Total Stockholders' Equity</i> | <u>43,974,300</u> | <u>42,804,487</u> |
| <i>Total Liabilities and Stockholders' Equity</i> | <u>\$ 312,656,934</u> | <u>\$ 330,316,331</u> |

*This statement has not been reviewed or confirmed for accuracy or relevance
by The Office of the Comptroller of the Currency.*

First Gilmer Bankshares, Inc. and Subsidiaries
Consolidated Past Due Loans
As of December 31, 2016 and 2015

| | <i>Past Due 30-89 Days (Accruing)</i> | | <i>Past Due 90 Days or More (Accruing)</i> | |
|-------------------------------------|---------------------------------------|---------------------|--|-------------------|
| | <i>2016</i> | <i>2015</i> | <i>2016</i> | <i>2015</i> |
| <i>Real Estate Loans</i> | \$ 4,352,150 | \$ 4,280,473 | \$ 401,466 | \$ 634,188 |
| <i>Consumer Loans</i> | 800,331 | 560,693 | 23,267 | 18,353 |
| <i>Commercial & Other Loans</i> | 546,588 | 409,262 | 29,816 | 14,048 |
| <i>Total Past Due Loans</i> | \$ 5,699,069 | \$ 5,250,428 | \$ 454,549 | \$ 666,589 |

Consolidated Nonaccrual Loans
As of December 31, 2016 and 2015

| | <i>2016</i> | <i>2015</i> |
|--------------------------------------|---------------------|---------------------|
| <i>Real Estate Loans</i> | \$ 3,419,029 | \$ 3,000,901 |
| <i>Consumer Loans</i> | 37,855 | 61,656 |
| <i>Commercial & Other Loans</i> | 1,973,485 | 2,147,714 |
| <i>Total Nonaccrual Loans</i> | \$ 5,430,369 | \$ 5,210,271 |

Consolidated Changes in the Allowance for Loan Losses
As of December 31, 2016 and 2015

| | <i>2016</i> | <i>2015</i> |
|-------------------------------------|--------------------|--------------------|
| <i>Balances, Beginning of Year</i> | \$2,789,491 | \$2,807,854 |
| <i>Recoveries</i> | 300,404 | 425,500 |
| <i>Loans Charged-Off</i> | (687,276) | (728,863) |
| <i>Provision for Loan Losses</i> | 331,250 | 285,000 |
| <i>Balances, End of Year</i> | \$2,733,869 | \$2,789,491 |

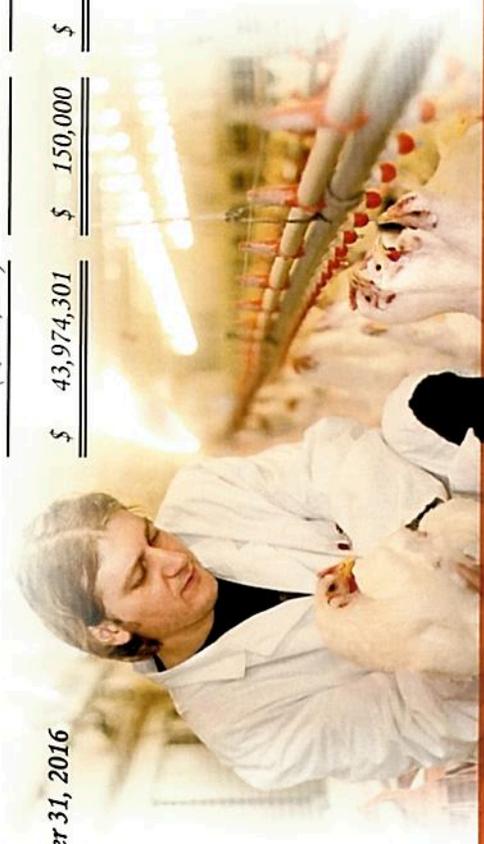
I do hereby attest that this Disclosure Statement has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct to the best of my knowledge and belief.

Danny Weems

President & CEO

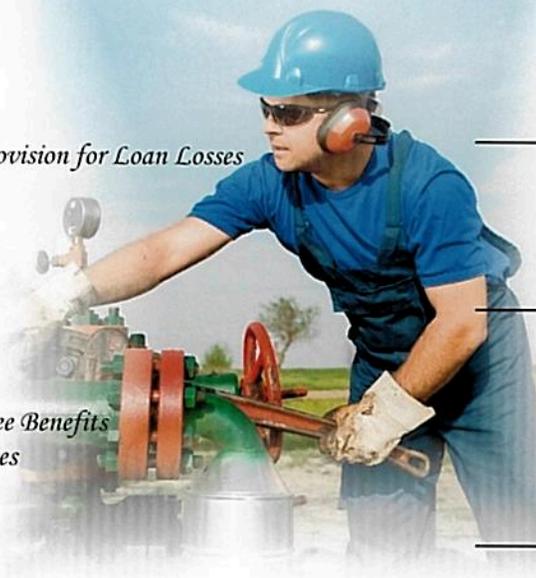
First Gilmer Bankshares, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2016 and 2015

| | Total | Common Stock | Additional Paid In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock |
|------------------------------------|---------------|-----------------|-------------------------------|----------------------|---|----------------|
| Balances, December 31, 2014 | \$ 41,290,892 | \$ 150,000 | \$ 8,960,650 | \$ 32,006,433 | \$ 193,324 | \$ (19,515) |
| Net Income | 4,979,220 | - | - | 4,979,220 | - | - |
| Other Comprehensive Income | (246,928) | - | - | - | (246,928) | - |
| Cash Dividends | (3,218,697) | - | - | (3,218,697) | - | - |
| Balances, December 31, 2015 | 42,804,487 | 150,000 | 8,960,650 | 33,766,956 | (53,604) | (19,515) |
| Net Income | 3,764,203 | - | - | 3,764,203 | - | - |
| Other Comprehensive Loss | (68,304) | - | - | - | (68,304) | - |
| Cash Dividends | (2,526,085) | - | - | (2,526,085) | - | - |
| Balances, December 31, 2016 | \$ 43,974,301 | \$ 150,000 | \$ 8,960,650 | \$ 35,005,074 | \$ (121,908) | \$ (19,515) |



First Gilmer Bankshares, Inc. and Subsidiaries
Consolidated Statements of Income
For the Years Ended December 31, 2016 and 2015

| | 2016 | 2015 |
|---|---------------|---------------|
| INTEREST INCOME | | |
| Interest and Fees on Loans | \$ 11,951,223 | \$ 12,394,801 |
| Interest on Securities: | | |
| Taxable | 466,606 | 743,299 |
| Tax-Exempt | 540,722 | 580,068 |
| Dividend Income on Securities | 37,978 | 51,130 |
| Other Interest | 174,106 | 141,584 |
| Total Interest Income | 13,170,635 | 13,910,882 |
| INTEREST EXPENSE | | |
| Interest on Deposits | 994,117 | 1,102,234 |
| Interest on Other Borrowed Money | 61,911 | 70,411 |
| Total Interest Expense | 1,056,028 | 1,172,645 |
| Net Interest Income | 12,114,607 | 12,738,237 |
| Provision for Loan Losses | 331,250 | 285,000 |
| Net Interest Income After Provision for Loan Losses | 11,783,357 | 12,453,237 |
| OTHER INCOME | | |
| Service Charges and Fees | 1,701,080 | 1,681,069 |
| Other Operating Income | 2,552,408 | 2,794,273 |
| Total Other Income | 4,253,488 | 4,475,342 |
| OTHER EXPENSE | | |
| Salaries, Wages, and Other Employee Benefits | 6,687,387 | 6,458,096 |
| Occupancy Expense of Bank Premises | 1,532,347 | 1,575,867 |
| Data Processing | 670,167 | 654,129 |
| Other General and Administrative | 3,382,741 | 3,292,746 |
| Total Other Expenses | 12,272,642 | 11,980,838 |
| Income Before Income Taxes | 3,764,203 | 4,947,741 |
| FEDERAL INCOME TAX BENEFIT | - | (31,479) |
| Net Income | \$ 3,764,203 | \$ 4,979,220 |



First Gilmer Bankshares, Inc. and Subsidiaries
Board of Directors

Frank Breazeale, Chairman

Dr. Andy Glaze

Tom Cook

Steve Williams

Steve Dean

Danny Weems

George Dodd

David Stevenson

President & CEO

Danny Weems

Audit Activities

The directors audit committee consist of directors, Breazeale, Cook, Dean, and Glaze. The audit committee has recommended and the company has employed the firm of Henry and Peters, P.C., Certified Public Accountants of Tyler to perform a detailed audit of company activities. The reports for the years ending 2016, 2015, 2014, 2013, and 2012 are on file in the bank offices and available for shareholder examination. In addition, the audit committee has employed Prothro, Wilhelmi and Company, PLLC, to perform the internal audit function at First National Bank of Gilmer.

Frank Breazeale

Tom Cook

Steve Dean

Andy Glaze