

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):

12/31/2016

Month / Day / Year

N/A

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

Reporter's Name, Street, and Mailing Address

Danny Management, Inc.

Legal Title of Holding Company

P.O. Box 565

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

Muleshoe Texas 79347

City State Zip Code

202 South First

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Martin C. Lewis CPA

Name Title

806-293-4287

Area Code / Phone Number / Extension

806-293-7674

Area Code / FAX Number

mcl@cpaontheweb.com

E-mail Address

fbmuleshoe.com

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

I, **Tommy Gunstream**

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

3/29/2017

Date of Signature

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

- is included with the FR Y-6 report
- will be sent under separate cover
- is not prepared

For Federal Reserve Bank Use Only

RSSD ID _____

C.I. _____

Is confidential treatment requested for any portion of this report submission? No 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.

DG Partnership, Ltd.
Legal Title of Subsidiary Holding Company

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

Muleshoe Texas 79347
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)

Muleshoe Bancshares, Inc.
Legal Title of Subsidiary Holding Company

P.O. Box 565
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

Muleshoe Texas 79347
City State Zip Code

202 South First
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)

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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)

DANNY MANAGEMENT, INC.

DECEMBER 31, 2016

FR Y-6

REPORT ITEM 1: Annual Reports to Shareholders'

The annual report to shareholders' consists of the attached parent company only comparative financial statements for the years ending December 31, 2016 and 2015.

DANNY MANAGEMENT, INC.

DECEMBER 31, 2016

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REPORT ITEM 2a: Organization Chart

**Danny Management, Inc.
Muleshoe, Texas / USA
Incorporated in Texas
LEI: None**

1.000% Ownership in DG Partnership
(General Partner of DG Partnership, Ltd.)

**DG Partnership, Ltd.
Muleshoe, Texas / USA
Incorporated in Texas
LEI: None**

32.204 % Ownership in Muleshoe)
(Bancshares, Inc.)

**Muleshoe Bancshares, Inc.
Muleshoe, Texas / USA
Incorporated in Texas
LEI: None**

96.556 % Ownership in First Bank
of Muleshoe

**First Bank of Muleshoe
Muleshoe, Texas / USA
Incorporated in Texas
LEI: None**

NOTE: M.D. Gunstream transferred his shares of stock in Muleshoe Bancshares, Inc. in exchange for a 99.0% limited partnership interest in DG Partnership, Ltd. effective May 15, 1995. M.D. Gunstream died May 1, 2015. As per his last will and testament, his limited partnership interest in DG Partnership, Ltd. was transferred to his two sons, Tommy Gunstream and Danny Gunstream.

DECEMBER 31, 2016

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REPORT ITEM 2b: Domestic Branch Listing

Submitted via email 3/29/2017.

Results: A list of branches for your holding company: DANIMY MANAGEMENT, INCORPORATED (2314859) of MULESHOE, 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_BSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_BSSD*	Branch ID	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_BSSD*	Comments
OK		Full Service (Head Office)	946461	946461	FIRST BANK OF MULESHOE	202 SOUTH FIRST STREET	MULESHOE	TX	79347-3602	BAILEY	UNITED STATES	11459	0	FIRST BANK OF MULESHOE	946461	
OK		Full Service	142815	142815	BOVINA BRANCH	101 3RD STREET	BOVINA	TX	79009	PARMER	UNITED STATES	11490	1	FIRST BANK OF MULESHOE	946461	
OK		Full Service	2056364	2056364	DIMMITT BRANCH	213 WEST BEDFORD	DIMMITT	TX	79027	CASTRO	UNITED STATES	243779	2	FIRST BANK OF MULESHOE	946461	

DANNY MANAGEMENT, INC.

DECEMBER 31, 2016

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REPORT ITEM 3: Securities Holders

<u>(1)(a) Name and Address</u>	<u>(1)(c) Shares Owned</u>	<u>(1)(c) % Owned</u>	<u>(1)(b) Country</u>
Tommy Gunstream Muleshoe, Texas 79347	510	51.00%	USA
Danny Gunstream Shreveport, Louisiana 71105	490	49.00%	USA

<u>(2)(a) Name and Address</u>	<u>(2)(c) Shares Owned</u>	<u>(2)(c) % Owned</u>	<u>(2)(b) Country</u>
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N/A

DG PARTNERSHIP, LTD.

DECEMBER 31, 2016

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REPORT ITEM 3: Securities Holders

<u>(1)(a) Name and Address</u>	<u>(1)(c) % Owned</u>	<u>(1)(b) Country</u>
Tommy Gunstream (Limited Partner) Muleshoe, Texas/USA	49.50%	USA
Danny Gunstream (Limited Partner) Shreveport, Louisiana/USA	49.50%	USA
Danny Management, Inc. (General Partner) 202 South First Muleshoe, Texas 79347	1.00%	USA

<u>(2)(a) Name and Address</u>	<u>(2)(c) Shares Owned</u>	<u>(2)(c) % Owned</u>	<u>(2)(b) Country</u>
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N/A

MULESHOE BANCSHARES, INC.

DECEMBER 31, 2016

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REPORT ITEM 3: Securities Holders

<u>(1)(a) Name and Address</u>	<u>(1)(c) Shares Owned</u>	<u>(1)(c) % Owned</u>	<u>(1)(b) Country</u>
DG Partnership, Ltd. Muleshoe, Texas 79347	12,333	32.204%	USA
Tommy Gunstream Muleshoe, Texas 79347	5,758	15.036%	USA
Phil Kent Muleshoe, Texas 79347	3,352	8.753%	USA
<u>(2)(a) Name and Address</u>	<u>(2)(c) Shares Owned</u>	<u>(2)(c) % Owned</u>	<u>(2)(b) Country</u>

N/A

DANNY MANAGEMENT, INC.

DECEMBER 31, 2016

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REPORT ITEM 4: Insiders

See Attached for information on all holding companies.

DANNY MANAGEMENT, INC.
Form FR Y-6
 December 31, 2016

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

(1) Name & Address (City, State/Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Title & Position with Other Businesses	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)	(4)(c) Percentage of Voting Shares held in Other Companies (List names of other companies)
Tommy Gunstream Muleshoe, Texas/USA	Banker	Chairman, CEO & Director	Limited Partner (DG Partnership, Ltd.) President & Director (Muleshoe Bancshares, Inc.) Chairman, CEO & Director (First Bank of Muleshoe)	None	51.00%	48.5% as limited partner (DG Partnership, Ltd.) 31.140% (Muleshoe Bancshares, Inc.) 0.064% (First Bank of Muleshoe)	N/A
Danny Gunstream Shreveport, LA/USA	Bank Investment Advisor	None	Limited Partner (DG Partnership, Ltd.)	None	48.00%	48.5% as limited partner (DG Partnership, Ltd.) 16.10% (Muleshoe Bancshares, Inc.)	N/A
Phil Kent Muleshoe, Texas/USA	Banker	Secretary/Treasurer	President & Director (First Bank of Muleshoe) Muleshoe Bancshares, Inc. (Sec/Treasurer & Director)	None	0.000%	8.753% (Muleshoe Bancshares, Inc.) 0.116% (First Bank of Muleshoe)	N/A

DG PARTNERSHIP, L.T.D.
Form FR Y-6
 December 31, 2016

Report Item 4: Directors and Officers
 (1) (2) (3)(b)(c) and (4)(b)(c)

(1) Name & Address (City, State/Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Title & Position with Other Businesses	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)	(4)(c) Percentage of Voting Shares held in Other Companies (List names of other companies)
Tommy Gunstream Muleshoe, Texas/USA	Banker	Limited Partner	Chairman, CEO & Director (First Bank of Muleshoe) President & Director (Muleshoe Bancshares, Inc.)	None	48.50%	31.14% (Muleshoe Bancshares, Inc.) 0.064% (First Bank of Muleshoe)	None
Denny Gunstream Shreveport, LA/USA	Bank Investment Advisor	Limited Partner	None	None	49.50%	16.10% (Muleshoe Bancshares, Inc.)	None
Denny Management, Inc.	None	General Partner	None	None	1.00%	0.00%	N/A

MULESHOE BANCSHARES, INC.

Form FR Y-6

December 31, 2018

Report Item 4: Directors and Officers

(1) (2) (3)(a)(b)(c) and (4)(a)(b)(c)

(1) Name & Address (City, State/Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (Include names of subsidiaries)	(3)(c) Title & Position with Other Businesses	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (Include names of subsidiaries)	(4)(c) Percentage of Voting Shares held in Other Companies (List names of other companies)
Tommy Gunstman Muleshoe, Texas/USA	Banker	President & Director	Chairman, CEO & Director (First Bank of Muleshoe)	N/A	15.036%	0.064% (First Bank of Muleshoe)	N/A
Phil Kent Muleshoe, Texas/USA	Banker	Sec/Treasurer & Director	President & Director (First Bank of Muleshoe)	N/A	8.753%	0.116% (First Bank of Muleshoe)	N/A
Russell Whitt Muleshoe, Texas/USA	Farmer	Director	Director (First Bank of Muleshoe)	N/A	0.295%	0.00%	50.00% (KBW Farms, Inc.) 50.00% (RSW Farms, Inc.)
Paul Wilbanks Muleshoe, Texas/USA	Drug Store Owner	Director	Director (First Bank of Muleshoe)	N/A	0.590%	0.00%	N/A
Jeffrey Steelman Bovina, Texas/USA	Banker	Director	Director (First Bank of Muleshoe)	President & Director (Steelman Rental, Inc.) President & Director (JKS Storage, Inc.)	0.096%	0.00%	100.00% (Steelman Rental, Inc.) 100.00% (JKS Storage, Inc.)
Tim Campbell Muleshoe, Texas/USA	Owner, B & C Produce	Director	Director (First Bank of Muleshoe)	President & Director (BC Produce, Inc.)	0.436%	0.00%	50.00% (BC Produce, Inc.)

MULESHOE BANCSHARES, INC.

Form FR Y-6
December 31, 2016

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

(1) Names & Address (City, State/Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (Include names of subsidiaries)	(3)(c) Title & Position with Other Businesses	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (Include names of subsidiaries)	(4)(c) Percentage of Voting Shares held in Other Companies (List names of other companies)
Chaun Gunstream Dimitit, Texas/USA	Banker	Director	Director (First Bank of Muleshoe)	Partner (Noble Farms Partnership)	1.058%	0.00%	10.00% (Noble Farms Partnership)
Sherry Gunstream Muleshoe, Texas/USA	Banker	Asst Secretary	Secretary (First Bank of Muleshoe)	N/A	1.814%	0.00%	N/A
DG Partnership, Ltd. Muleshoe, Texas/USA	N/A	N/A	N/A	N/A	32.204%	0.00%	N/A

DANNY MANAGEMENT, INC.
(Parent Company Only)

COMPILED FINANCIAL STATEMENTS

Years Ended December 31, 2016 and 2015



LEWIS, KAUFMAN, REID, STUKEY, GATTIS & CO., P.C.

To the Board of Directors
Danny Management, Inc.
Muleshoe, Texas

ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of Danny Management, Inc. (a corporation) which comprise the balance sheets as of December 31, 2016 and 2015 and the related statements of income and changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the 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 financial matters.

The accompanying financial statements are not intended to be the primary statements of Danny Management, Inc. as they have been prepared in conformity with accounting principles that would otherwise be considered a departure from generally accepted accounting principles because the Company's subsidiaries, DG Partnership, Ltd., Muleshoe Bancshares, Inc. and the First Bank of Muleshoe, are not consolidated, but rather shown as an investment carried on the equity method.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows 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, these financial statements are not designed for those who are not informed about such matters.

Lewis, Kaufman, Reid, Stukey & Gattis & Co., P.C.

Lewis, Kaufman, Reid, Stukey, Gattis & Co., P.C.
January 21, 2017

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DANNY MANAGEMENT, INC.
(Parent Company Only)

COMPARATIVE BALANCE SHEETS
December 31, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Cash	\$ 6,940	6,180
Investment in Subsidiary	44,752	45,268
Deferred Tax Assets	<u>-0-</u>	<u>-0-</u>
<u>TOTAL ASSETS</u>	<u>\$ 51,692</u>	<u>51,448</u>

LIABILITIES & PARTNERS' CAPITAL

Federal Income Tax Payable	\$ <u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES	<u>-0-</u>	<u>-0-</u>
Stockholders' Equity:		
Common Stock	1,000	1,000
Additional Paid-In Capital	19,504	19,504
Retained Earnings	31,474	30,365
Unrealized Gain (Loss)- AFS Securities	<u>(286)</u>	<u>579</u>
TOTAL STOCKHOLDERS' EQUITY	<u>51,692</u>	<u>51,448</u>
<u>TOTAL LIABILITIES & STOCKHOLDERS' EQUITY</u>	<u>\$ 51,692</u>	<u>51,448</u>

See Accountant's Compilation Report.

DANNY MANAGEMENT, INC.
(Parent Company Only)

STATEMENTS OF INCOME AND RETAINED EARNINGS
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Income:		
Other Income	\$ <u>7</u>	<u>15</u>
	<u>7</u>	<u>15</u>
Expenses:		
Professional Fees	<u>509</u>	<u>494</u>
	<u>509</u>	<u>494</u>
Net Income (Loss) Before Federal Income Taxes and Equity in Income of Subsidiary	(502)	(479)
Federal Income Tax (Expense) Benefit	<u>-0-</u>	<u>-0-</u>
Net Income (Loss) Before Equity in Net Income (Loss) of Subsidiary	(502)	(479)
Equity in Net Income of Subsidiary	<u>1,611</u>	<u>1,769</u>
Net Income (Loss)	1,109	1,290
Retained Earnings at Beginning of Year	<u>30,365</u>	<u>49,075</u>
Dividends Paid	<u>-0-</u>	<u>(20,000)</u>
<u>Retained Earnings at End of Year</u>	\$ <u><u>31,474</u></u>	<u><u>30,365</u></u>

See Accountant's Compilation Report.

DG PARTNERSHIP, LTD.

DECEMBER 31, 2016

FR Y-6

REPORT ITEM 1: Annual Reports to Shareholders'

The annual report to shareholders' consists of the attached parent company only comparative financial statements for the years ending December 31, 2016 and 2015.

DG PARTNERSHIP, LTD.
COMPILED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015



LEWIS, KAUFMAN, REID, STUKEY, GATTIS & CO., P.C.

To the Partners
DG Partnership, Ltd.
Muleshoe, Texas

ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of DG Partnership, Ltd.. (a partnership) which comprise the balance sheets as of December 31, 2016 and 2015 and the related statements of income and changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the 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 financial matters.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows 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, these financial statements are not designed for those who are not informed about such matters.

Lewis, Kaufman, Reid, Stukey, Gattis & Co., P.C.

Lewis, Kaufman, Reid, Stukey, Gattis & Co., P.C.
January 21, 2017



DG PARTNERSHIP, LTD.

COMPARATIVE BALANCE SHEETS
December 31, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Cash	\$ 11,357	6,182
Accounts Receivable	-0-	-0-
Investment in Subsidiary	4,463,800	4,520,614
Investment in Certificates of Deposit	<u>-0-</u>	<u>-0-</u>
<u>TOTAL ASSETS</u>	<u>\$ 4,475,157</u>	<u>4,526,796</u>

LIABILITIES & PARTNERS' CAPITAL

Liabilities	\$ <u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES	<u>-0-</u>	<u>-0-</u>
Partners' Capital:		
Tommy Gunstream	2,229,329	2,212,088
Danny Gunstream	2,229,329	2,212,088
Danny Management, Inc.	45,036	44,689
Unrealized Gain (Loss) on AFS Securities	<u>(28,537)</u>	<u>57,931</u>
TOTAL PARTNERS' CAPITAL	<u>4,475,157</u>	<u>4,526,796</u>
<u>TOTAL LIABILITIES & PARTNERS' CAPITAL</u>	<u>\$ 4,475,157</u>	<u>4,526,796</u>

See Accountant's Compilation Report.

DG PARTNERSHIP, LTD.

**STATEMENTS OF INCOME AND PARTNERS' CAPITAL
Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Income:		
Interest Income	\$ <u>-0-</u>	<u>-0-</u>
	<u>-0-</u>	<u>-0-</u>
Expenses:		
Professional Fees	649	628
Miscellaneous Expenses	<u>-0-</u>	<u>-0-</u>
	<u>649</u>	<u>628</u>
Net Income (Loss) Before Equity in Income of Subsidiary	(649)	(628)
Equity in Net Income of Subsidiary	<u>161,740</u>	<u>177,524</u>
<u>Net Income (Loss)</u>	<u>161,091</u>	<u>176,896</u>
Partners' Capital at Beginning of Year	4,526,796	4,578,923
Capital Contributions	-0-	-0-
Capital Withdrawals	(126,263)	(128,283)
Change in Unrealized Gain (Loss) on AFS Securities	<u>(86,467)</u>	<u>(100,740)</u>
<u>Partners' Capital at End of Year</u>	\$ <u>4,475,157</u>	<u>4,526,796</u>

See Accountant's Compilation Report.

MULESHOE BANCSHARES, INC.

DECEMBER 31, 2016

FR Y-6

REPORT ITEM 1: Annual Reports to Shareholders'

The annual report to shareholders' consists of the attached parent company only comparative financial statements for the years ending December 31, 2016 and 2015.

MULESHOE BANCSHARES, INC.
(Parent Company Only)

COMPILED FINANCIAL STATEMENTS

Years Ended December 31, 2016 and 2015

MULESHOE BANCSHARES, INC.
(Parent Company Only)

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LEWIS, KAUFMAN, REID, STUKEY, GATTIS & CO., P.C.

MEMBER FIRM OF AICPA NETWORK

ACCOUNTANT'S COMPILATION REPORT

The Board of Directors
Muleshoe Bancshares, Inc.
Muleshoe, Texas

Management is responsible for the accompanying financial statements of Muleshoe Bancshares, Inc. (a corporation) which comprise the balance sheets as of December 31, 2016 and 2015 and the related statements of income and changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the 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 financial matters.

The accompanying financial statements are not intended to be the primary statements of Muleshoe Bancshares, Inc. as they have been prepared in conformity with accounting principles that would otherwise be considered a departure from generally accepted accounting principles because the Company's subsidiary, the First Bank of Muleshoe, is not consolidated but rather shown as an investment carried on the equity method.

Lewis, Kaufman, Reid, Stukey, Gattis & Co., P.C.

Lewis, Kaufman, Reid, Stukey, Gattis & Co., P.C.
January 20, 2017

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MULESHOE BANCSHARES, INC.
(Parent Company Only)

COMPARATIVE BALANCE SHEETS
December 31, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash	\$ 35,813	35,611
Due From Subsidiary Bank	16,180	35,111
Prepaid Federal Income Taxes	<u>-0-</u>	<u>-0-</u>
	51,993	70,722
 Investments:		
Investment in First Bank of Muleshoe, Texas, 48,278 Shares (Note 1)	13,579,334	13,755,958
 Intangible Assets:		
Goodwill, Less Accumulated Amortization of \$406,790 and \$406,790, respectively	<u>246,050</u>	<u>246,050</u>
 <u>Total Assets</u>	<u>\$ 13,877,377</u>	<u>14,072,730</u>

See Accountants' Compilation Report and Notes to Financial Statements

MULESHOE BANCSHARES, INC.
(Parent Company Only)

COMPARATIVE BALANCE SHEETS
December 31, 2016 and 2015

LIABILITIES & STOCKHOLDERS' EQUITY

	<u>2016</u>	<u>2015</u>
Current Liabilities:		
Amount Due Subsidiary Bank	\$ -0-	-0-
Income Taxes Payable	<u>16,180</u>	<u>35,111</u>
	16,180	35,111
Term Debt (Note 3)	-0-	-0-
Stockholders' Equity:		
8% Cumulative Preferred Stock, Par Value \$35; Authorized 31,747 Shares; -0- and -0- Shares Issued and Outstanding, Respectively	-0-	-0-
Common stock, Par Value \$10; Authorized 48,426 Shares; 38,297 Shares Issued and Outstanding	382,970	382,970
Additional Paid-In Capital	170,651	170,651
Retained Earnings	13,396,191	13,304,109
Treasury Stock	-0-	-0-
Unrealized Gain (Loss) on Available-For-Sale Securities (net of tax)	<u>(88,615)</u>	<u>179,889</u>
Total Stockholders' Equity	<u>13,861,197</u>	<u>14,037,619</u>
Total Liabilities and Stockholders' Equity	<u>\$ 13,877,377</u>	<u>14,072,730</u>

See Accountants' Compilation Report and Notes to Financial Statements

MULESHOE BANCSHARES, INC.
(Parent Company Only)

COMPARATIVE STATEMENTS OF INCOME
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Income:		
Rental Income	\$ -0-	-0-
Gain on Sale of Assets	<u>-0-</u>	<u>-0-</u>
	<u>-0-</u>	<u>-0-</u>
Expense:		
Interest Expense	-0-	-0-
Amortization	-0-	-0-
Franchise Taxes	-0-	-0-
Depreciation	-0-	-0-
Miscellaneous Expenses	<u>-0-</u>	<u>-0-</u>
	<u>-0-</u>	<u>-0-</u>
Net Income Before Federal Income Tax and Equity in Income of Subsidiary	-0-	-0-
Federal Income Tax Expense (Benefit)	<u>-0-</u>	<u>-0-</u>
Net Income (Loss) Before Equity in Net Income of Subsidiary	<u>-0-</u>	<u>-0-</u>
Equity in Net Income of Subsidiary	<u>502,243</u>	<u>551,254</u>
Net Income	<u>\$ 502,243</u>	<u>551,254</u>

See Accountants' Compilation Report and Notes to Financial Statements

MULESHOE BANCSHARES, INC.
(Parent Company Only)

COMPARATIVE STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2016 and 2015

	<u>Number of Shares</u>	<u>Amount</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Unrealized Gain (Loss) AFS Securities</u>
Balance at December 31, 2014	38,297	382,970	170,651	13,163,015	-0-	492,711
Net Income for 2015				551,254		
Cash Dividends Paid				(410,160)		
Net Change in Unrealized Gain (Loss) - AFS Securities						(312,822)
Balance at December 31, 2015	<u>38,297</u>	<u>382,970</u>	<u>170,651</u>	<u>13,304,109</u>	<u>-0-</u>	<u>179,889</u>
Net Income for 2016				502,243		
Cash Dividends Paid				(410,161)		
Net Change in Unrealized Gain (Loss) - AFS Securities						(268,504)
Balance at December 31, 2016	<u>38,297</u>	<u>382,970</u>	<u>170,651</u>	<u>13,396,191</u>	<u>-0-</u>	<u>(88,615)</u>

See Accountants' Compilation Report and Notes to Financial Statements

MULESHOE BANCSHARES, INC.
(Parent Company Only)

COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Net Income	\$ 502,243	551,254
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in subsidiaries earnings	(502,243)	(551,254)
Depreciation	-0-	-0-
Amortization	-0-	-0-
Gain on sale of assets	-0-	-0-
(Increase) decrease in assets and increase (decrease) in liabilities:		
Due from subsidiary bank	18,931	(21,934)
Prepaid federal income taxes	-0-	-0-
Amount Due Subsidiary Bank	-0-	-0-
Income taxes payable	<u>(18,931)</u>	<u>21,934</u>
Net cash provided (used) by operations	<u>-0-</u>	<u>-0-</u>
 Cash flows from investing activities:		
Proceeds from sale of assets	-0-	-0-
Cash dividends received from subsidiary	<u>410,363</u>	<u>410,363</u>
Net cash provided (used) by investing activities	<u>410,363</u>	<u>410,363</u>
 Cash flows from financing activities:		
Proceeds from term debts	-0-	-0-
Principal payments on term debts	-0-	-0-
Dividends paid	<u>(410,161)</u>	<u>(410,160)</u>
Net cash provided (used) by financing activities	<u>(410,161)</u>	<u>(410,160)</u>
Net increase (decrease) in cash	202	203
Cash at beginning of year	<u>35,611</u>	<u>35,408</u>
Cash at end of year	<u>\$ 35,813</u>	<u>35,611</u>

See Accountants' Compilation Report and Notes to Financial Statements

MULESHOE BANCSHARES, INC.
(Parent Company Only)

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVESTMENT IN STOCK OF FIRST BANK OF MULESHOE

The Company carries its investment in the First Bank of Muleshoe, Texas, at cost, plus its equity in net earnings since date of organization (August 8, 1979). Straight-line amortization is taken on the difference between the Company's cost of such investment and its proportionate share of the underlying net assets at date of acquisition.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include time deposits, certificates of deposit and marketable securities with original maturities of three months or less.

NOTE 2: STOCK OF SUBSIDIARY SOLD UNDER REPURCHASE AGREEMENTS

The shares of stock of the First Bank of Muleshoe sold under repurchase agreements represents shares sold to the Board of Directors to meet regulatory requirements. Under the terms of these agreements, the Company retains the right to reacquire these shares at \$10.00 per share. In addition, the Company retains the right to any dividends paid. As of December 31, 2016 and 2015, all stock sold under the repurchase agreement had been acquired by the Company.

NOTE 3: TERM DEBT

There were no term debts outstanding at December 31, 2016 and 2015.

NOTE 4: FEDERAL INCOME TAX EXPENSE (BENEFIT)

The Company and its subsidiary file a consolidated income tax return.

NOTE 5: SUPPLEMENTAL DISCLOSURES CASH FLOW INFORMATION

	<u>2016</u>	<u>2015</u>
Cash paid during the year for interest	-0-	-0-
Cash paid during the year for taxes	184,300	127,500