

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

None

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

Reporter's Name, Street, and Mailing Address

I, Reid Sharp

Name of the Holding Company Director and Official

Chief Executive Officer

Title of the Holding Company Director and Official

I 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.

Bastrop Bancshares, Inc.

Legal Title of Holding Company

P O Drawer F

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

Bastrop TX 78602

City State Zip Code

489 Hwy 71 West, Bastrop, TX 78602

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Amanda L Wickliffe Chief Financial Officer

Name Title

512-321-2561 X6173

Area Code / Phone Number / Extension

512-321-1577

Area Code / FAX Number

awickliffe@fnbbastrop.com

E-mail Address

www.fnbbastrop.com

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

Signature of Holding Company Director and Official

3/30/17

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
- 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.

Bastrop Holdings, Inc.
Legal Title of Subsidiary Holding Company

1209 Orange Street
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

Wilmington DE 19801
City State Zip Code

489 Hwy 71 West, Bastrop, TX 78602
Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

_____ _____ _____
City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

_____ _____ _____
City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

_____ _____ _____
City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

_____ _____ _____
City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

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City State Zip Code

Physical Location (if different from mailing address)

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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

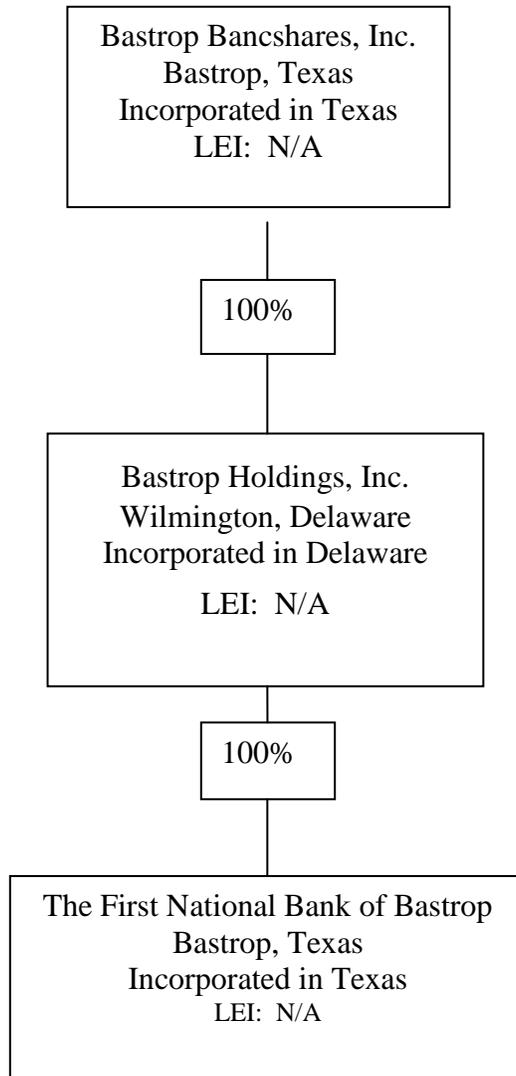
Physical Location (if different from mailing address)

Form FR Y-6

Bastrop Bancshares, Inc.
Bastrop, Texas
Fiscal Year Ending December 31, 2016

Report Item

2: Organizational Chart



Results: A list of branches for your depository institution: **FIRST NATIONAL BANK OF BASTROP, THE** (ID_RSSD: 18050). This depository institution is held by **BASTROP BANCSHARES, INC.** (2410304) of **BASTROP, 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://f10online.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)	18050	FIRST NATIONAL BANK OF BASTROP, THE	489 HIGHWAY 71 WEST	BASTROP	TX	78602-3217	BASTROP	UNITED STATES	1970	0	FIRST NATIONAL BANK OF BASTROP, THE	18050	
OK		Full Service	3246718	CEDAR CREEK BRANCH	118 HIGHWAY 21 WEST	BASTROP	TX	78602	BASTROP	UNITED STATES	440192	4	FIRST NATIONAL BANK OF BASTROP, THE	18050	
OK		Full Service	3491337	DOWNTOWN BASTROP BRANCH	1021 MAIN STREET	BASTROP	TX	78602	BASTROP	UNITED STATES	453112	5	FIRST NATIONAL BANK OF BASTROP, THE	18050	
OK		Full Service	2066831	HIGHWAY 71 BRANCH	501 HWY 71 WEST	BASTROP	TX	78602	BASTROP	UNITED STATES	196070	1	FIRST NATIONAL BANK OF BASTROP, THE	18050	
OK		Full Service	3491346	ELGIN BRANCH	1312 HIGHWAY 290 E	ELGIN	TX	78621	BASTROP	UNITED STATES	196071	2	FIRST NATIONAL BANK OF BASTROP, THE	18050	
OK		Full Service	806770	SMITHVILLE BRANCH	312 MAIN STREET	SMITHVILLE	TX	78957-2035	BASTROP	UNITED STATES	41913	3	FIRST NATIONAL BANK OF BASTROP, THE	18050	

AMENDED

**Report Item 3: Securities holders
Bastrop Bancshares, Inc.**

(1) Current securities holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending Dec 31, 2016.

Name and Address	Country Of Citizenship		# of HC Sh Owned	# of Options on Common Stock	% of HC Common Sh Owned	% voting securities aggregate
Linenberger, Kay Bastrop, Texas	USA	Individually	15,646	0	5.35%	5.35%
The Bob & Sue Long Revocable Trust Robert K Long, Sr., Co-Trustee Sue Long, Co-Trustee (Prior owner Robert K Long, Sr; transferred Jan 1, 2013.)	USA	Individually	34,605	0	11.83%	11.83%
Rebekah Long Herrick	USA	Family	893	0	0.31%	0.31%
Robert K Long, III	USA	Family	100	0	0.03%	0.03%
Robert K Long, Jr.	USA	Family	601	0	0.21%	0.21%
Robert K Long, Sr.	USA	Family	225	0	0.08%	0.08%
Carol S Long	USA	Family	300	0	0.10%	0.10%
Joshua B Long	USA	Family	628	0	0.21%	0.21%
Lea Long	USA	Family	115	0	0.04%	0.04%
Levi D Long	USA	Family	100	0	0.03%	0.03%
Jeremiah Wilson	USA	Family	100	0	0.03%	0.03%
Matthew C Wilson	USA	Family	160	0	0.05%	0.05%
Rachael K Wilson	USA	Family	100	0	0.03%	0.03%
Gabriella Grace Long	USA	Family	100	0	0.03%	0.03%
Robert K Long Family Total Bastrop, Texas			38,027	-	13.00%	13.00%
The Rathman 2008 Irrevocable Trust Gayle Foster, Trustee Robert Miller, Jr. Trustee	USA	Individually	14,800	0	5.06%	5.06%
Gayle Foster	USA	Family	3,672	0	1.26%	1.26%
Gayle Foster Trust	USA	Family	200	0	0.07%	0.07%
Joelle E Foster	USA	Family	200	0	0.07%	0.07%
Weston R Warnock	USA	Family	200	0	0.07%	0.07%
Rathman Family Total Bastrop, Texas			19,072	-	6.52%	6.52%
Ingram, Jerry	USA	Individually	14,027	0	4.80%	4.80%
Clay Ingram	USA	Family	1,461	0	0.50%	0.50%
Laurie Ingram	USA	Family	100	0	0.03%	0.03%
Doris M Ingram	USA	Family	1,860	0	0.64%	0.64%
Ingram, Jerry Family Total Bastrop, Texas			17,448	-	5.96%	5.96%
Ingram, Clay	USA	Individually	1,461	0	0.50%	0.50%
Laurie Ingram	USA	Family	100	0	0.03%	0.03%
Doris M Ingram	USA	Family	1,860	0	0.64%	0.64%
Jerry D Ingram	USA	Family	14,027	0	4.80%	4.80%
Ingram, Clay Family Total Bastrop, Texas			17,448	-	5.96%	5.96%
Kershaw, James B	USA	Individually	8,970	0	3.07%	3.07%
Richard M Kershaw	USA	Family	2,897	0	0.99%	0.99%
Chase McDonald	USA	Family	100	0	0.03%	0.03%
Curtis G McDonald	USA	Family	540	0	0.18%	0.18%
Jamie K McDonald	USA	Family	2,857	0	0.98%	0.98%
Jordan McDonald	USA	Family	100	0	0.03%	0.03%
Miles McDonald	USA	Family	100	0	0.03%	0.03%
Kershaw, James B Family Total Bastrop, Texas			15,564	-	5.32%	5.32%
Robert Miller, Jr. Bastrop, Texas	USA	Individually	6,210	0	2.12%	2.12%
Miller, Robert Jr. Relationship Total		Trustee	14,800	0	5.06%	5.06%
			21,010	-	7.18%	7.18%
Bastrop Bancshaes, Inc. ESOP Bastrop, Texas	USA		47,225	0	16.14%	16.14%
Berryhill, Robert E Bastrop, Texas	USA	Individually	492	0	0.17%	0.17%
Berryhill, Robert E. Relationship Total		Co-Trustee of Bastrop Bancshares, Inc. ESOP	47,225	0	16.14%	16.14%
			47,717	-	16.31%	16.31%
Kana, Dianna	USA	Individually	100	0	0.03%	0.03%
David C Fiebrich	USA	Family	160	0	0.05%	0.05%
Elberta Fiebrich	USA	Family	70	0	0.02%	0.02%
Kana, Dianna Family Total Bastrop, Texas			47,555	-	16.26%	16.26%
Mican, John D Bastrop, Texas	USA	Individually	2,500	0	0.85%	0.85%
Mican, John D. Relationship Total		Co-Trustee of Bastrop Bancshares, Inc. ESOP	47,225	0	16.14%	16.14%
			49,725	-	17.00%	17.00%
Goertz, Tammy Cedar Creek, Texas	USA	Individually	200	0	0.07%	0.07%
Goertz, Tammy Relationship Total		Co-Trustee of Bastrop Bancshares, Inc. ESOP	47,225	0	16.14%	16.14%
			47,425	-	16.21%	16.21%
Wickliffe, Amanda Bastrop, Texas	USA	Individually	-	0	0.00%	0.00%
Wickliffe, Amanda Relationship Total		Co-Trustee of Bastrop Bancshares, Inc. ESOP	47,225	0	16.14%	16.14%
			47,225	-	16.14%	16.14%
Total shares outstanding			292,523			

(2) Securities holders not listed above that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending Dec 31, 2016.

Name and Address	Country Of Citizenship		# of HC Sh Owned	# of Options on Common Stock	% of HC Common Sh Owned	% voting securities aggregate
*****NONE*****						

**Report Item 3: Shareholders
Bastrop Holdings, Inc**

(1) Name and Address	Country Of Citizenship		# of HC Sh Owned	# of Options on Common Stock	% of HC Common Sh Owned	% voting securities aggregate
Bastrop Bancshares Inc. Bastrop, Texas	USA		1,000		100.00%	

(2) Securities holders not listed above that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending Dec 31, 2016.

Name and Address	Country Of Citizenship		# of HC Sh Owned	# of Options on Common Stock	% of HC Common Sh Owned	% voting securities aggregate
*****NONE*****						

**Report Item 4: INSIDERS
BASTROP BANCSHARES, INC.**

Name and Address	Principal Occupation if other than with Bank Holding Company	Title	Title and Position with Subsidiary	Title and Position with Other Businesses	% of Voting Shares in Holding Company	% of Voting Shares in Subsidiaries	Other Companies % of voting securities held
Kershaw, James B. Bastrop, Texas	Attorney	Chairman of the Board	Chairman of the Board - First National Bank of Bastrop	Partner - Diamond J & C, Inc. Partner - K & K Land Holdings Partner - Kershaw & Maynard	3.07%	0.00%	Diamond J & C, Inc. - 50% K & K Land Holdings - 50% Kershaw & Maynard - 50%
Callahan, Verlin Bastrop, Texas	Rancher	Director	Director - First National Bank of Bastrop	President - Capitol Feed and Milling Co. Inc. President - Callahan General Stores of Austin	1.10%	0.00%	Capitol Feed and Milling Co. Inc. - 50%
Hurta, Brook Smithville, Texas	N/A	Director	Director - First National Bank of Bastrop	President - Hurta Land Inc. Partner - Hurta, Sharp & Hurta (Pecan Grove) Partner - FM 535 Subdivision Partner - Elgin Subdivision Partner - Hurta Ranches	1.23%	0.00%	Hurta, Sharp & Hurta (Pecan Grove) - 33% FM 535 Subdivision - 50% Elgin Subdivision - 50% Hurta Ranches - 50%
Jenkins, William H. Bastrop, Texas	Attorney	Director	Director - First National Bank of Bastrop	General Partner - Jenkins & Jenkins, LLP General Partner - R. Jenkins G.P. LLC Managing Member - Bastrop Chicken, LLC Limited Partner - R. Jenkins Family Investments, Ltd. Effective Control - Bastrop's Finest Car Wash, LLC	1.08%	0.00%	Jenkins & Jenkins, LLP - 95% R. Jenkins G.P. LLC - 1% Bastrop Chicken, LLC - 51% R. Jenkins Family Investments, Ltd. - 13% (GP control through R. Jenkins G.P., LLC) Bastrop's Finest Car Wash, LLC - 100%
Long, Raymond A. Bastrop, Texas	Rancher	Director	Director - First National Bank of Bastrop	Partner - Three L Enterprises	2.46%	0.00%	Three L Enterprises - 50%
Long, Robert K. Sr. Bastrop, Texas	Minister/Rancher	Director	Director - First National Bank of Bastrop	President - South Texas Ministries Owner - L&L Ranch Owner/Managing Member - L&L Ranch, LLC Trustee - Bob & Sue Long Revocable Trust	0.09%	0.00%	L&L Ranch - 100% L&L Ranch, LLC - 1%
The Bob & Sue Long Revocable Trust Bastrop, Texas	N/A	Principal Securities Holder	N/A	N/A	11.83%	0.00%	N/A
Herrick, Rebekah Long Bastrop, Texas	N/A	Principal Securities Holder	N/A	N/A	0.31%	0.00%	N/A
Long III, Robert K. Bastrop, Texas	N/A	Principal Securities Holder	N/A	N/A	0.03%	0.00%	N/A
Long Jr., Robert K. Bastrop, Texas	N/A	Principal Securities Holder	N/A	N/A	0.21%	0.00%	N/A
Long, Carol S Bastrop, Texas	N/A	Principal Securities Holder	N/A	N/A	0.10%	0.00%	N/A
Long, Joshua B. Bastrop, Texas	N/A	Principal Securities Holder	N/A	N/A	0.21%	0.00%	N/A
Long, Lea Bastrop, Texas	N/A	Principal Securities Holder	N/A	N/A	0.04%	0.00%	N/A
Long, Levi D Bastrop, Texas	N/A	Principal Securities Holder	N/A	N/A	0.03%	0.00%	N/A
Wilson, Jeremiah Bastrop, Texas	N/A	Principal Securities Holder	N/A	N/A	0.03%	0.00%	N/A
Wilson, Matthew C Bastrop, Texas	N/A	Principal Securities Holder	N/A	N/A	0.05%	0.00%	N/A
Wilson, Rachael K Bastrop, Texas	N/A	Principal Securities Holder	N/A	N/A	0.03%	0.00%	N/A
Long, Gabriella Grace	N/A	Principal Securities Holder	N/A	N/A	0.03%	0.00%	N/A

AMENDED

**Report Item 4: INSIDERS
BASTROP BANCSHARES, INC.**

Name and Address	Principal Occupation if other than with Bank Holding Company	Title	Title and Position with Subsidiary	Title and Position with Other Businesses	% of Voting Shares in Holding Company	% of Voting Shares in Subsidiaries	Other Companies % of voting securities held
J. D. Mican Bastrop, Texas		Certified Public Accountant	Director - First National Bank of Bastrop	N/A	16.14% - Co-Trustee ESOP 0.85% - Individually	0.00%	N/A
Miller, Robert Jr. Bastrop, Texas	Restaurateur	Director	Director - First National Bank of Bastrop	Owner - Texas Grill #2 Owner - Miller Properties Limited Partner - Bastrop Hwy 71 Limited Owner - RLM LLC	2.12%	0.00%	Texas Grill #2 - 100% Miller Properties - 100%
Hepker, Dan Bastrop, Texas	Sole Proprietor	Director	Director - First National Bank of Bastrop	Sole Proprietor - Bastrop Copier	0.15%	0.00%	RLM LLC - 100% Bastrop Copier - 100%
Sharp, Reid Bastrop, Texas	N/A	Director, President	President/CEO, Director - First National Bank of Bastrop Sole Director, President/Secretary - Bastrop Holdings, Inc.	Partner - Hurta, Sharp & Hurta (Pecan Grove) Owner - Wexford Ranch	2.46%	0.00%	Hurta, Sharp & Hurta (Pecan Grove) - 33% Wexford Ranch - 100%
Valderrama, Fil Bastrop, Texas	N/A	Director	Chief Lending Officer, Director - First National Bank of Bastrop	Managing Member - JF Real Estate Holdings, LLC	0.49%	0.00%	JF Real Estate Holdings, LLC - 50%
Kana, Dianna Bastrop, Texas	N/A	Principal Securities Holder	Chief Operations Officer - First National Bank of Bastrop Co-Trustee of Bastrop Bancshares, Inc. ESOP with 401K provisions	Spouse of Owner - Bruce Kana Custom Homes	0.03% - Individually 16.14% - Co-Trustee ESOP	0.00%	Bruce Kana Custom Homes - 50%
Ingram, Clay Bastrop, Texas	N/A	Director	SVP Loan Officer, Director - First National Bank of Bastrop	Director - Cassena Ranch HOA Member - CCW Kase Investments, LLC Member - E6 Land & Cattle, LLC Member - SRHMOB, LLC Director - Colony MUD 1-E Member, Cassena Ranch LLC	0.50%	0.00%	CCW Kase Investments, LLC - 25% (self) 25% spouse E6 Land & Cattle - 33% SRHMOB, LLC - 33% Cassena Ranch LLC - 26.6667%
Wickliffe, Amanda Bastrop, Texas	N/A	Principal Securities Holder, Secretary	Chief Financial Officer - First National Bank of Bastrop Co-Trustee of Bastrop Bancshares, Inc. ESOP with 401K provisions	N/A	16.14% - Co-Trustee ESOP	0.00%	N/A
Goertz, Tammy Bastrop, Texas	N/A	Principal Securities Holder	Vice President - First National Bank of Bastrop Co-Trustee of Bastrop Bancshares, Inc. ESOP with 401K provisions	N/A	0.07% - Individually 16.14% - Co-Trustee ESOP	0.00%	N/A
Robert Berryhill Smithville, Texas	N/A	Principal Securities Holder	Investment Officer - First National Bank of Bastrop Co-Trustee of Bastrop Bancshares, Inc. ESOP with 401K provisions	N/A	0.17% - Individually 16.14% - Co-Trustee ESOP	0.00%	N/A
Bastrop Bancshares, Inc. ESOP Bastrop, Texas	N/A	N/A	Employee Benefit Plan	N/A	16.14%	0.00%	N/A

**Report Item 4: INSIDERS
BASTROP HOLDINGS, INC., a subsidiary of Bastrop Bancshares, Inc.**

Name and Address	Principal Occupation	Title	Title and Position with Subsidiary	Title and Position with Other Businesses	% of Voting Shares in Holding Company	% of Voting Shares in Subsidiaries	Other % of voting securities held
Reid Sharp Bastrop Bancshares, Inc.	N/A	Director, President/Secretary	President/CEO, Director - First National Bank of Bastrop	Partner - Hurta, Sharp & Hurta (Pecan Grove)	0%	0%	Hurta, Sharp & Hurta (Pecan Grove) - 33%
Bastrop Bancshares, Inc.	N/A	Top tier bank holding company	Top tier bank holding company	N/A	100.00%	0%	N/A

AMENDED

Form FR Y-6

Bastrop Bancshares, Inc.
Bastrop, Texas
Fiscal Year Ending December 31, 2016

Report Item

- 1: The bank holding company prepares an annual report for its shareholders.
The report can be found on pages 2 – 17.

Dear Shareholder:

2016 was an exciting year!

For Bastrop Bancshares, Inc., the parent company of First National Bank of Bastrop, 2016 was yet another record-breaking year in profitability. Net income was almost \$8.8 million, an increase of over \$900,000 from 2015 -- or nearly 12%. Because of our success, your board voted to declare a distribution to shareholders of \$9.50 per share -- up \$0.75 from last year.

Total deposits increased a little over 5% in 2016, ending the year at \$462 million. Total loans (net of the allowance for loan losses) ended 2016 at \$301 million, up \$25 million from 2015 year end -- an increase of 9%. During 2016 our lenders originated nearly \$92 million in new loans that we retained in our portfolio and over \$16 million in fixed rate home loans that we in turn sold on the secondary market.

Total assets increased by nearly \$25 million, ending the year at \$522 million. The \$500 million mark (at year-end) triggers certain changes to our audit and audit committee structures. Crossing \$500 million also meant examiners would be in our bank more often -- we would go from an 18-month exam cycle to a 12-month cycle. Fortunately in February the rules changed allowing 1 and 2 rated banks (the top two ratings) with assets less than \$1 billion to be eligible for the 18-month cycle. Great news because when examiners are in the bank, our productivity drops.

During spring of 2016, we converted nearly 15,000 debit cards to EMV "chip" cards. Fraud losses declined dramatically, but staying ahead of fraudsters is a never ending task. In June, we started offering debit card holders a new automated fraud prevention service. If fraudulent activity is suspected, customers receive an email, a text message, an automated phone call (or all three) alerting them.

Cybersecurity remains one of our industry's biggest concerns. We consistently receive high marks from our examiners and external auditors during our Information Technology audits. We spend a large amount of money, time, and aggravation making sure our data is protected (sometimes from our own selves). We train our employees constantly to guard against social engineering attacks and malware. We do all this knowing that this is a war that we will never win; a war that will never end; a war that each day we begin again.

While we are on the subject of fraudulent activity, you probably are aware of the Wells Fargo fictitious account fiasco that made news in September. Thousands of Wells Fargo employees opened up nearly two million fake accounts by debiting customers' actual accounts, which in turn caused customers to be charged NSF and minimum balance charges in their real accounts. They created fake email addresses for customers so that they could sign them up for online banking.

Employees issued over 500,000 credit cards that customers did not request and didn't know about. Then, Wells Fargo charged annual fees and late charges on these cards. Employees issued debit cards and created customer PINs that customers did not request. All this was done to meet incentive sales goals set by management.

Last September, Wells Fargo was fined \$185 million for illegal sales practices and ordered to pay millions of dollars in restitution to its customers. Wells Fargo has always prided itself in its ability to cross sell its products to customers. Apparently, this pride got a little out of hand. What's most amazing is that this scandal was first uncovered by a Los Angeles Times story in 2013 and nothing was done by management to stop the madness until the Feds brought down the hammer on them in September 2016.

Because of the actions of Wells Fargo, examiners will be looking more closely at compensation arrangements, incentive programs, and account opening procedures. Just like the number one rule in plumbing: It always flows downhill. Thanks, Wells Fargo.

In 2017, it's likely that Congress will lower both corporate and individual tax rates. Since January 1, 2008 we have been a Sub-S Corporation bank. As you are aware, Sub-S Corporations are considered "pass through" entities -- taxable income is passed through to shareholders based on their pro-rata ownership percentage. The bank's income is not taxed at the corporate level, but instead appears on the shareholders' individual tax returns. Prior to our conversion to a Sub-S, income taxes were paid at the corporate level and then shareholders paid taxes on the dividends they received. As a Sub-S, bank income is only taxed once -- at each shareholder's respective tax rate.

The Sub-S status has been very beneficial to our shareholders, but being a Sub-S corporation has limitations to our bank. During 2017, we will be closely monitoring what Congress does and consulting with our tax accountants to make sure continuing to be a Sub-S Corporation is still the best bet for us.

As we enter 2017, there are signs that the Austin Area and national economies are weakening.

According to one Dallas Federal Reserve indicator (the Austin Business-Cycle Index), the Austin economy has been weakening since the first quarter of 2015. In the Dallas Fed's latest Austin Economic Indicators report, they noted the business cycle index decelerated further in November, while job growth is waning and falling behind statewide growth.

The Fed went on to also warn, "The U.S. economy is in a fragile state and a large enough shock could throw the economy into a downturn. If the majority of businesses are not paying attention to these indicators, the firms will continue expanding, further heating up competition. When the downturn hits, it will be as unexpected as always."

Of course all this gloomy Fed-speak is based on data before the election -- before *Trumphoria*.

Donald Trump was the most unconventional candidate in the most unconventional presidential race in history. No matter what your politics, his victory surprised just about everybody. Immediately after the election, *Trumphobia* worsened among my left-leaning friends -- some no doubt were surprised to even see the sun rise the next day! Meanwhile, a feeling of *Trumphoria* completely overcame my conservative friends. Most are still walking around with noticeable springs in their steps and smiles on their faces.

As I write this, the *Trumphoria* continues in the stock market. After being down by nearly 1000 points in futures during the wee hours of election night, the market has soared, hoping that Mr. Trump will achieve the tax reforms and deregulation that he promised.

However, the banker in me worries that the stock market is way ahead of itself in projecting just how positive the economic outcome of the election will be. While I'm cautiously optimistic, *Trumphoria* could fade quickly. One lesson that I've learned time and time again in my life is this: "Things are never as bad as they seem -- or as good."

We are hopeful that Mr. Trump will help community banking, but any change is going to be slow. While cabinet level appointments suggest a friendlier approach to business, banking and reducing regulation, Mr. Trump's administration will enter a White House without resources or personnel. (I understand even the software will be removed from the computers.) Administrative positions will likely go unfilled for months. It will take time to get organized.

Also, it's still not known to what extent financial regulation will be made a priority. Creating financial services legislation is always difficult -- especially without a crisis. Mr. Trump is known to keep his staff small and the issues he highlighted during the campaign are huge -- Supreme Court nominations, tax relief, energy policy, and foreign trade -- all these may take the front burner to financial regulation.

The biggest unknown is how Mr. Trump himself will try to manage the federal government. Constitutional checks and balances work to limit excessive power. Even though Republicans retained control of both the House and the Senate, Mr. Trump has done little to establish allies. One Washington insider quipped the other night that "Should Trump come to Washington thinking he will be 'King of the Hill,' he will find, to his dismay that the game is instead 'Rock, Paper, Scissors.'"

That may be just fine for the new president because he was once quoted as saying, "I look at myself in the first grade and I look at myself now, I'm basically the same. The temperament is not that different."

You just can't make this stuff up!

A handwritten signature in black ink, appearing to read "Reagan". The signature is fluid and cursive, with a long horizontal stroke at the end.

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Attorney
Investments
Director Since 1973



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Board Vice Chariman
Minister
Rancher
Investments
Director Since 1994



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Certified Public
Accountant
Director Since 2003



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Texas Grill Restaurant
Investments
Director Since 1982



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Bastrop Copier
Texas Nuisance Wildlife
Relocation
Director Since 2013



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Attorney
Director since 2012



Raymond A. Long
Rancher
Investments
Director Since 1982



Brook Hurta
Real Estate
Investments
Rancher
Director Since 1996



Reid Sharp
President
Chief Executive Officer
First National Bank
President, Bastrop Bancshares, Inc.
Director Since 1989



Verlin Callahan
Callahan's General Stores
Capitol Feed and Milling
Rancher
Director Since 1995



Clay Ingram
Senior Vice President
Lending
First National Bank
Director Since 2015



Fil Valderrama
Chief Lending Officer
First National Bank
Director Since 2015

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Bryan Bracewell
Southside Market & BBQ
Elgin Director Since 2015

Bobby Girling
Rancher
Elgin Director Since 2015

Ed Rivers
Independence Title
Elgin Director Since 2015

Allan Tolbert
Historic Preservation
Elgin Director Since 2015

Sandy Menley
Winkler and Company Realtors, Menley Group
Elgin Director Since 2006

Gina Bayer
Clara's Chevron Store
Smithville Director Since 2002

Bubba Fowler
Pastor
Rancher
Smithville Director Since 2002

Rod Langer
Retired Delta Pilot
Real Estate Investments
Smithville Director Since 2002

Mike Maney
Maney Insurance Agency
Smithville Director Since 2002

Vernon Richards
Retired Southwestern Bell
Rancher
Smithville Director Since 2002

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President and
Chief Executive Officer

BRAD HURTA

Smithville President

RUBEN CARDONA

Loan Officer

SAM BLANTON

Chief Technology Officer

DUSTY KADLECEK

Vice President
Lending

LYNN DRISCOLL

Lead Mortgage Loan Officer

DELEIGH BROOKS

Chief Risk Officer

KENT LOCK

Vice President
Lending

MARGARET HANNA

Community Relations Officer

MICHAEL HANCOCK

Chief Credit Officer

CODY MAUCK

Elgin President

NICOLE HERRING

Security Officer

DIANNA KANA

Chief Operations Officer

WALLY NAMKEN

Vice President
Lending

CONNIE JUAREZ

Marketing Officer

FIL VALDERRAMA

Chief Lending Officer

MICHAEL PSENCIK

Vice President
Lending

GIANNA LAWRENCE

Bank Officer
Internal Audit

AMY WICKLIFFE

Chief Financial Officer
Board Secretary

GALYNN FOGLE

Assistant Vice President
Customer Service

ANGELICA PADRON

Bank Officer

CLAY INGRAM

Senior Vice President
Lending

JOSE GONZALES

Assistant Vice President
Lending

FAY MEUTH SCOGGINS

Mortgage Loan Officer

DAVID LEWIS

Senior Vice President
Lending

SANDRA PALACIOS

Assistant Vice President
Internal Audit/BSA

KRIS SLAY

Bank Officer
Downtown Bastrop Locations

ROBERT BERRYHILL

Vice President
Investments

KEISHA TISCHLER

Assistant Vice President
Accounting

ULISES SOLER, JR

Loan Officer

LYNN FRERICH

Vice President
Lending

SANDRA WHITE

Assistant Vice President
Customer Service Center

KATHY WALICEK

Bank Officer
Highway 71 Branch

TAMMY GOERTZ

Vice President
Cedar Creek
Special Projects

PAM BUERGER

Bank Officer
Financial

AMY WILHELM-RABEL

Bank Officer
Communications

ANDY WONG

Loan Officer

Consolidated Statement of Income and Expenses

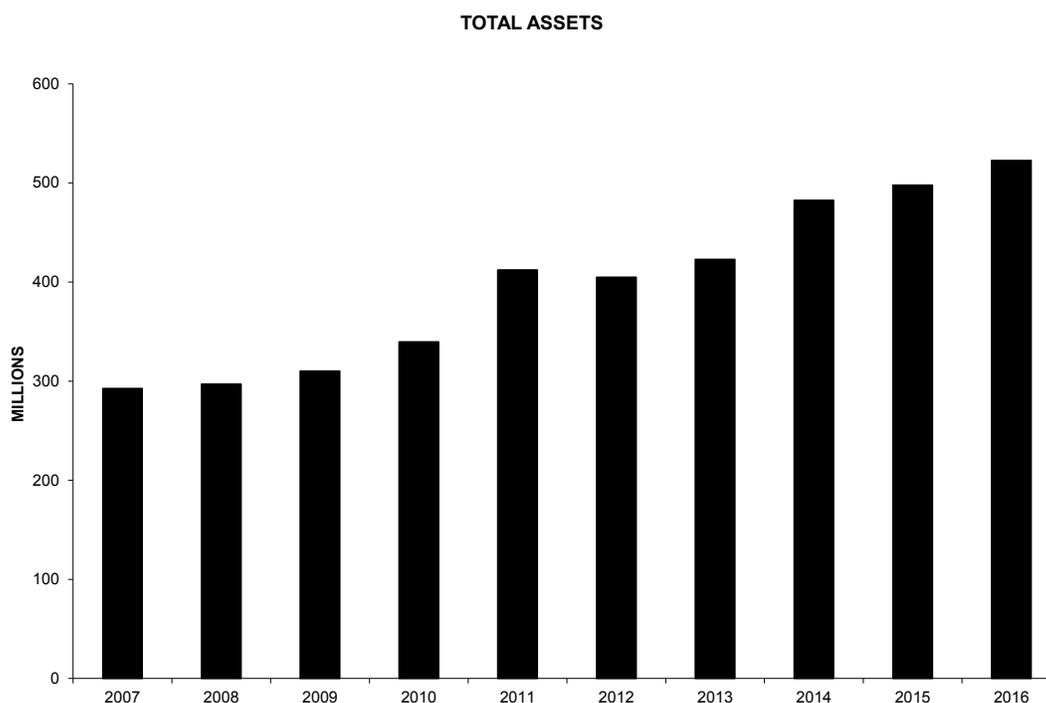
Bastrop Bancshares, Inc.
December 31, 2016 (Unaudited)
with Comparative Report of December 31, 2015

OPERATING INCOME	2015	2016
Interest and Fees on Loans	\$ 13,991,321	\$ 15,721,838
Interest on Balances with Depository Institutions	37,530	56,383
Income on Federal Funds Sold	8,698	27,003
Income on U.S. Treasury Securities and Other U.S. Agencies	3,115,055	2,389,361
Income on Obligations of State and Other U.S. Political Subdivisions	1,619,116	1,784,208
Income from All Other Securities	19,413	19,826
Service Charges on Deposit Accounts	1,362,068	1,514,231
Other Operating Income	2,807,406	3,098,693
TOTAL OPERATING INCOME	\$22,960,607	\$24,611,543
OPERATING EXPENSES		
Salaries and Employee Benefits	\$ 7,265,733	\$ 7,547,159
Interest on Certificates of Deposit of \$100,000 or More	494,913	596,260
Interest on Other Deposits	777,938	820,682
Interest on Other Borrowed Money	7,029	3,985
Expenses of Federal Funds Purchased	3,902	4,600
Occupancy Expense of Bank Premises, Net, and Furniture and Equipment Expense	1,516,744	1,500,476
Provision for Possible Loan Losses	450,000	600,000
Other Operating Expenses	4,595,908	4,768,532
TOTAL OPERATING EXPENSES	\$15,112,167	\$ 15,841,694
INCOME BEFORE TAXES	\$7,848,440	\$8,769,849
Applicable Income Taxes	0	0
NET INCOME	\$7,848,440	\$8,769,849
ALLOWANCE FOR POSSIBLE LOAN LOSSES		
Balance at End of Previous Year	\$3,617,282	\$3,972,356
Recoveries Credited to Allowance	80,536	74,182
Provision for Possible Loan Losses	450,000	600,000
Losses Charged to Reserve	(175,462)	(190,093)
Balance at End of Current Year	\$3,972,356	\$4,456,445
CAPITAL ACCOUNTS		
Balance at End of Previous Year	\$51,360,588	\$54,478,452
Change in Unrealized Gain (Loss) on Securities Available for Sale	(646,527)	(3,740,064)
Net Income	7,848,440	8,769,849
Less Cash Distribution Declared on Common Stock	(4,689,243)	(5,287,257)
Other Holding Company Transactions, Net	605,194	786,828
Balance at End of Period	\$54,478,452	\$55,007,808

Consolidated Report of Condition

Bastrop Bancshares, Inc.
December 31, 2016 (Unaudited)
with Comparative Report of December 31, 2015

ASSETS	2015	2016
Cash	\$ 22,412,610	\$ 20,656,595
U.S. Treasury Securities	0	0
Obligations of Other U.S. Government Agencies and Corporations	120,884,155	100,212,441
Obligations of State & Political Subdivisions in the U.S.	54,059,189	68,259,640
All Other Securities	490,700	496,000
Federal Funds Sold	3,899,000	11,894,000
Loans, Net	276,012,071	301,369,571
Bank Premises, Furniture, & Fixtures	11,501,872	11,167,984
Real Estate Owned Other Than Premises	0	0
All Other Assets	8,459,085	8,615,380
TOTAL ASSETS	\$ 497,718,682	\$ 522,671,611
LIABILITIES		
Total Deposits	\$ 438,385,074	\$ 462,281,896
All Other Liabilities	4,855,156	5,381,907
TOTAL LIABILITIES	\$ 443,240,230	\$ 467,663,803
EQUITY CAPITAL		
Common Stock	\$ 1,541,970	\$ 1,542,620
Surplus	19,236,596	19,509,584
Undivided Profits	33,699,886	33,955,604
TOTAL EQUITY CAPITAL	\$ 54,478,452	\$ 55,007,808
TOTAL LIABILITIES AND CAPITAL	\$ 497,718,682	\$ 522,671,611

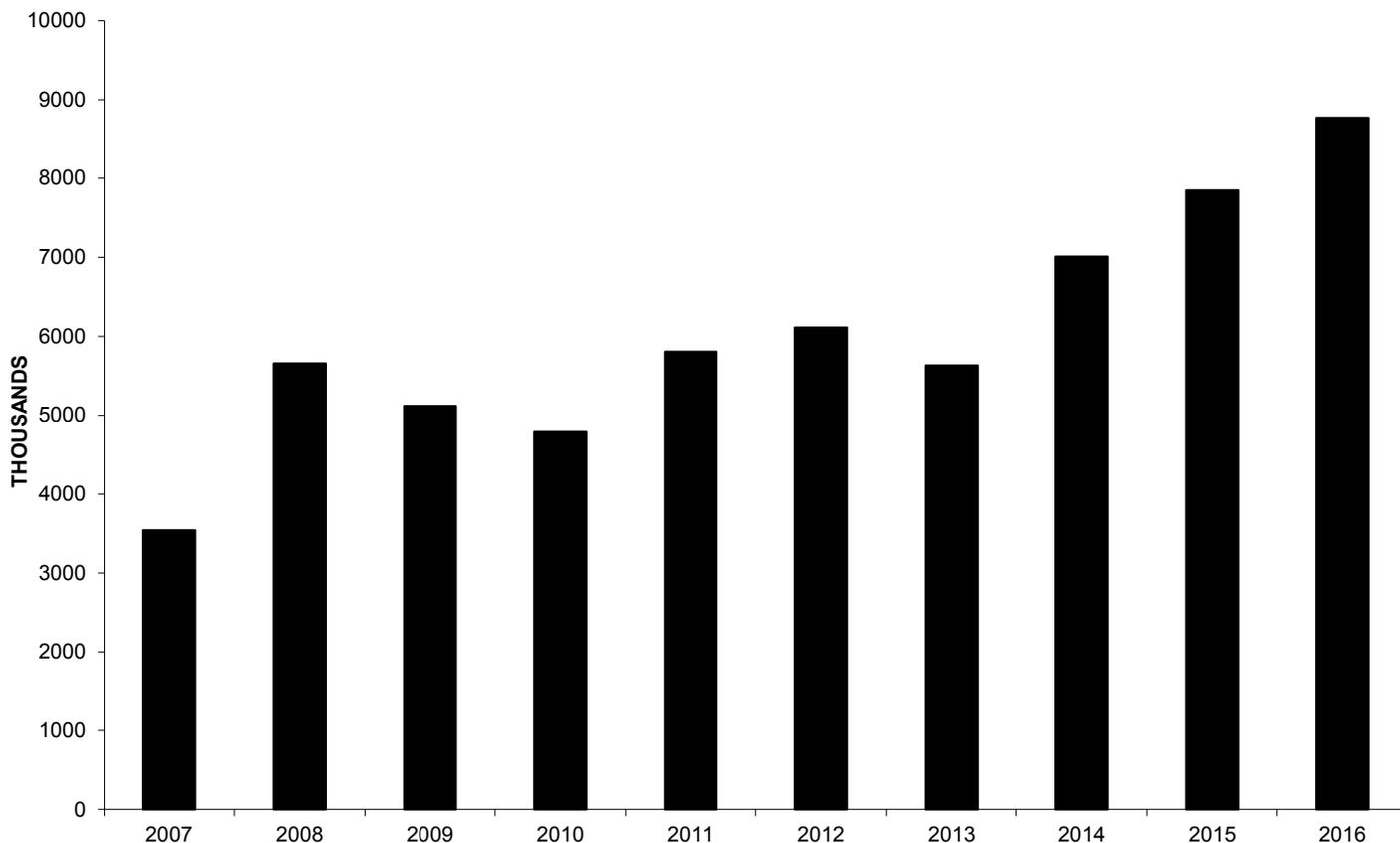


Consolidated Financial Highlights

Bastrop Bancshares, Inc.
December 31, 2016 (Unaudited)
with Comparative report of December 31, 2015

EARNINGS RESULTS	2015	2016
Income Before Taxes	\$7,848,440	\$8,769,849
Applicable Income Taxes	0	0
Net Income	<u>\$7,848,440</u>	<u>\$8,769,849</u>
PER SHARE		
Net Earnings	\$27.12	\$29.98
Annual Dividend Rate	\$8.75	\$9.50
AT YEAR END		
Assets	\$497,718,682	\$522,671,611
Investment Securities	175,434,044	168,968,081
Deposits	438,385,074	462,281,896
Loans, Net	276,012,071	301,369,571
Shareholder's Equity	54,478,452	55,007,808
Reserve for Possible Loan Losses	3,972,356	4,456,445

NET EARNINGS



Operations



Seated, Left to Right: Connie Juarez, Steve Briggs, Keisha Tischler, Dolores Clarke
Standing, Left to Right: Nicole Herring, Essie Espinoza, Amy Wilhelm-Rabel, Dianna Kana, Jenna Fohn Thomas,
Amy Wickliffe, Sandra Palacios, Pam Buerger, Gianna Lawrence, Deleigh Brooks
Not Pictured: Robert Berryhill

Loan Officers



Seated, Left to Right: Fay Meuth Scoggins, Lynn Driscoll
Standing, Left to Right: Jose Gonzales, Ruben Cardona, Wally Namken, Kent Lock,
Fil Valderrama, Clay Ingram, Andy Wong, David Lewis
Not Pictured: Michael Psencik



Loan Operations



Seated, Left to Right: Zach Skubiata, Michael Hancock Middle Row Standing, Left to Right: Latrisha Goertz, Tabitha Rodriguez, Teresa Brown, Yvonne Garcia, Lauren Cannon Back Row Standing, Left to Right: J.P. Santos, Sandy Johnson, Erin Zuniga, Shelby Miller, Lauren Meuth, Vicki Tate, Rosemary Mullen, Mark Tamble Not Pictured: Madonna Abarca, Ernestine Jackson, Sammi Ormand

Information Technology



Left to Right: Monica Crowell, Rudy Pratt, Sarah Martin, Sam Blanton, Jack Figart, Michael Fellers

New Accounts



Left to Right: Galynn Fogle, Kelley Freeman, Megan Welch, Wanda Doss, Margaret Hanna, Hattie Campion

Customer Service Center



*Seated, Left to Right: Deanna Diamond, Kristi Wilhelm, Erica Thomas
Standing, Left to Right: Sandra White, Gladys Stephenson, Chris Lewis*

Headquarters Tellers



Left to Right: Donna Eberle, Barbara Baker, Angelica Padron, Joyce Hammack, Shelbi Taylor

Cedar Creek



*Left to Right: Sandra Rodriguez, Rhonda Helm, Tylar Robbins, Holly Raemsch, Kristina Powell,
Tammy Goertz, Shannon Luttrell, Connie Ellard, Mollye Solomon*



Left to Right: Samantha Jenkins, Raymie Ross, Kathy Walicek, Tina Bartlett, Bree Hanna, Tabitha Fonte, Lue Hamrick, Tiffany Robinson, Nell Rose Fohn

Downtown Bastrop



*Front Row, Left to Right: Jessica Noska, Kris Slay, Tiffany Valdez, Lynn Helms, Karen Hamilton
Back Row, Left to Right: Iralynd Whitmill, Misha Walker, Rebekah Shaw, Leann Johnson*

Smithville



Seated, Left to Right: Crystal Gutierrez, Tara Goertz, Analicia Vasquez, Sandy Geuea
Standing, Left to Right: Brad Hurta, Rebecca Prince, Loretta Vinklarek, Lorn Hanson, Coey Zapalac, Michelle Randle, Lynn Frerich

Smithville Advisory Directors



Seated, Left to Right: Vernon Richards, Gina Bayer
Standing, Left to Right: Mike Maney, Bubba Fowler, Rod Langer



*Seated, Left to Right: Maggie Carabajal, Artie Monson, Heather Fowler
Middle Row, Left to Right: J.R. Soler, Kimberly Sparks, Jessica Rivera, Alma Avila, Yulisa Mendoza
Back Row, Left to Right: Tracy Griffin, Susan Castillo, Dana Fisher, Ashley Janes, Dusty Kadlecck
Not pictured: Cody Mauck, Sharon Roberson*

Elgin Advisory Directors



Left to Right: Bryan Bracewell, Sandy Menley, Ed Rivers, Allan Tolbert, Bobby Girling

First National Financial Services



Derrick Formby and Rhonda Garcia

FIRST NATIONAL BANK

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Not Guaranteed by any Government Agency	Not a Bank Deposit	

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Annuities IRAs

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Financial Planning

Education Planning

Retirement Planning

Insurance Products