Report at the close of business as of the end of fiscal year

This Report is required by law: Sections 5(o)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(o)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3106(b)); 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, 1850ar(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

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 also a director, the chairman of the board must sign the report. If the holding company is an ESCOP/ESGT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Wes Hoskins
Name of the Holding Company Director and Official
Chairman of the Board/President/CEO/Director
Title of the Holding Company Director and Official
attest that the Annual Report of Holding Companies (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official
03/29/2017

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. ____________________________

Date of Report (top-tier holding company’s fiscal year-end):
December 31, 2016
Month / Day / Year

None
Reporters’ Legal Entity Identifier (LEI) (20-Character LEI Code)

Coastal Bend Bancshares, Inc
Legal Title of Holding Company
416 North Water Street
Mailing Address of the Holding Company: Street / P.O. Box
Corpus Christi TX 78401
City State Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:
Sheree Lewis VP
Name Title
361-888-9310
Area Code / Phone Number / Extension
361-888-3796
Area Code / FAX Number
slewis@fcbot.com
E-mail Address
fcbot.com
Address (URL) for the Holding Company’s web page

Is confidential treatment requested for any portion of this report submission? ☑ No ☐
0=No 1=Yes

In accordance with the General Instructions for this report (check only one),
1. a letter justifying this request is being provided along with the report ☐
2. a letter justifying this request has been provided separately ☑

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

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

12/2016
Report Item
1. Annual report to shareholders is attached.

2a. Organizational Chart

Coastal Bend Bancshares, Inc.
Corpus Christi, TX
Incorporated in Texas

LEI: None

100%

First Community Bank
Corpus Christi, TX
Incorporated in Texas

LEI: None

2b. Office/Branch Verification is included with PDF email on 3-29-17.
Reconciliation and Validation 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 size paper.

Submission Procedure:
When you are finished, send a signed 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.federalreserves.gov

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<th>Data Action</th>
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<th>City</th>
<th>State</th>
<th>Zip Code</th>
<th>County</th>
<th>Country</th>
<th>FEDC UNIFORM®</th>
<th>Office Number®</th>
<th>Head Office</th>
<th>Head Office_ID_RSSD®</th>
<th>Comments</th>
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<td>1600 EAST MAIN STREET</td>
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<td>OK</td>
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<td>3705843</td>
<td>Padre Island Branch</td>
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<td>Wildcat Drive Mobile Branch</td>
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<td>Rockport Branch</td>
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</tbody>
</table>
**ITEM 3. Securities holders**

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

Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2016

<table>
<thead>
<tr>
<th>NAME (1a)</th>
<th>COUNTRY (1b)</th>
<th>Number &amp; Percentage of Voting Common Stock (1c)</th>
</tr>
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<tbody>
<tr>
<td>City, State, Country</td>
<td>USA</td>
<td>Responsive data may be found in the confidential volume</td>
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<table>
<thead>
<tr>
<th>NAME (2a)</th>
<th>COUNTRY (2b)</th>
<th>Number &amp; Percentage of Voting Common Stock (2c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>City, State, Country</td>
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<td>Responsive data may be found in the confidential volume</td>
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</tbody>
</table>

Shareholders not listed in 3(1) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-2018

<table>
<thead>
<tr>
<th>NAME (2a)</th>
<th>COUNTRY (2b)</th>
<th>Number &amp; Percentage of Voting Common Stock (2c)</th>
</tr>
</thead>
<tbody>
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<td>City, State, Country</td>
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<td>Responsive data may be found in the confidential volume</td>
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<table>
<thead>
<tr>
<th>NAME (2a)</th>
<th>COUNTRY (2b)</th>
<th>Number &amp; Percentage of Voting Common Stock (2c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>City, State, Country</td>
<td></td>
<td>Responsive data may be found in the confidential volume</td>
</tr>
<tr>
<td>Name</td>
<td>Principal Occupation if other than with Bank Holding Company</td>
<td>(3a) Title &amp; Position with Bank Holding Company</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Linda Weeks</td>
<td>Responsive date may be found in the confidential volume</td>
<td>Principal Securities Holder Director</td>
</tr>
<tr>
<td>Michael Weeks</td>
<td>Principal Securities Holder</td>
<td>Principal Securities Holder N/A</td>
</tr>
<tr>
<td>W. Wesley Hoskins</td>
<td>Director, President/CEO, Chairman of Board</td>
<td>President/CEO</td>
</tr>
<tr>
<td>Sheree Lewa</td>
<td>Director, Vice President, Secretary, Treasurer</td>
<td>Vice President, Treasurer</td>
</tr>
<tr>
<td>Manuel C. Galindo</td>
<td>Director</td>
<td>Director</td>
</tr>
<tr>
<td>F. Van Hussman</td>
<td>Director</td>
<td>Director</td>
</tr>
<tr>
<td>Hanny Nuss</td>
<td>Director</td>
<td>Director</td>
</tr>
<tr>
<td>Thomas A. Best</td>
<td>Director</td>
<td>Director</td>
</tr>
<tr>
<td>Richard B. Shaw</td>
<td>Director</td>
<td>Director</td>
</tr>
<tr>
<td>Employee Stock Ownership Plan ESOP</td>
<td>Principal Securities Holder</td>
<td>Principal Securities Holder N/A</td>
</tr>
</tbody>
</table>
February 1983
Alice Bank Opens

March 1998
Downtown Bank Opens

June 2000
Kingsville Bank Opens

June 2004
Portland Bank Opens

February 2008
Island Bank Opens

March 2007
Alameda Bank Opens

March 2014
Victoria Bank Opens

October 2014
Rockport Bank Opens

August 2015
FCB Building Purchased
March 2016
FCB Building Bank Opens

HISTORY

DIRECTORS

W. Wesley Hoskins
Chairman of the Board

Sheree L. Lewis

Henry Nuss

Richard B. Shaw

OFFICERS

Wes Hoskins
CEO/President

Silvia Aparicio
CFO/Executive Vice President

Renee Carter
Executive Vice President

Sarita Garcia
Executive Vice President

Miles Graham
Executive Vice President

Sheree Lewis
CFO/Executive Vice President

David Centu
Senior Vice President

Brian Coufal
Senior Vice President

David Hernandez
Senior Vice President

Steve McBrayer
Senior Vice President

David Royal
Senior Vice President

Jessica Saponari
Senior Vice President

Herschel Vansickle
Senior Vice President

Noel Aguilar
Vice President

Amy Atkins
Vice President

Nick Black
Vice President

Robert Brantley
Vice President

Norma Elizalde
Vice President

Julie Harris
Vice President

Eric Hailer
Vice President

Yolanda Hernandez
Vice President

Joe Ingle
Vice President

Michael Minney
Vice President

Jim Montgomery
Vice President

Teri Owen
Vice President

Jamie Phillips
Vice President

Monica Rodriguez
Vice President

Francis Stokes
Vice President

John Sullivan
Vice President

Philip Von Keyserling
Vice President

2016 FOCUS
TO OUR SHAREHOLDERS

What seems to be the norm these days in banking is change— and the pace with which this change is occurring is staggering. Once a stolid, consistent industry, we now seem to be fraught with change. New app ideas, cyber theft, cybersecurity, deposit-taking ATMs, remote capture bank by phone, by watch, or by computer have all become the new normal. The check-clear system that previously took days will soon be instantaneous. What is next? How does a community bank stay abreast of this plethora of changes? The simple answer is: it’s a struggle, and we can either embrace the changes or stick our heads in the sand. Those who have not stayed abreast of the changes have positioned themselves for loss of market share, income, and customers. We choose to embrace the challenges of change in our industry.

In the midst of all this, the bread-and-butter of banking has not changed. We still loan money; we have interest and fee income, non-interest income, and we strive to maintain a return on shareholder equity that meets or exceeds the national average. Although the tools with which we achieve our goals may be different, our reach and ability to deliver products both locally and internationally is a constant.

First Community Bank, for our average asset size, has remained on the cutting edge. We have hired young and enthusiastic bankers who see things differently than previous generations. We have embraced new technology and its opportunities; we entertain new expansion ideas, and strive to keep ahead of our industry. Additionally, we continuously aim to improve market share in our expansion areas of Victoria and Rockport while our seasoned locations and bankers continue to improve their performance in the more mature markets. Our Everhart and mid-town Corpus Christi locations have outstanding performances; in San Patricio County, its proposed Exxon expansion will provide years of economic benefit as will expansions and construction at Chenier and Oxy plants; our western facilities continue to improve from the c and gas downturn of the last few years; and we feel confident of our growth opportunities in the future.
Community Bank customers are looking for a stable organization that offers products to their needs. We remain a bank of professionals who deliver a personal touch, and when back the onion, the difference between banks is the personnel and the professionals over the products. We are simply heads and shoulders above the local peer competition.

a promising future at First Community Bank, and we value your ownership and action in Coastal Bend Bancshares and our bank. We hope that in banking with us, you recognize and utilize our services. Please feel free to give me a call if you have any questions or comments.

President
First Community Bank is honored to join in the recognition of Naval Air Station Corpus Christi's 75th Anniversary Celebration. The base is a fixture of the Coastal Bend and, from its earliest days of construction, has enjoyed a rich partnership with the city of Corpus Christi. NASSC represents the bravery, pride and patriotism of the men and women who serve our country. To those who earned their wings at NASSC over the last 75 years, and to those who do so today to keep America safe...we salute you.
the price of oil remaining in the suboptimal range Coastal Bend Bancshares’ subsidiary, First
unity Bank, saw its growth level off somewhat during 2016. However, the bank’s extremely
loans portfolio contributed heavily to a net interest margin which ranked in the top 2 percent
Community Bank’s national peer group. Although declining somewhat from the prior year,
erest income during 2016 continued to be a significant revenue producer for First Community

at income ebbed slightly from 2015, posting a bottom line figure of $6,217,000; however, this
level generated a pre-tax return on assets (ROA) of 1.53 percent, a figure in the 82nd
tile of banks of similar asset size nationwide.

2016 First Community Bank’s Interest income increased to $22,314,000 from the $21,247,000
sold during 2015; this $1,067,000 jump represented a 5 percent gain from the previous fiscal
though, due to loan funding requirements, interest expense did climb to $1,201,000 during
though this increase of approximately $237,000 had a negligible impact on net interest
However, even with the growth in interest expense, the bank’s net interest margin remained
ably resilient, as mentioned above. During 2016 average loan balances increased by nearly 11 t,
which coupled with stagnant deposit growth—due to local economic factors—caused First
unity Bank’s mean loan to deposit ratio to climb compared to 2015,

non-interest income waned somewhat compared to the prior year to a total of $5,031,000
ly due to lower revenues from the mortgage and SBA areas. However, while decreasing from
First Community Bank remained in the top 20 percent of U.S. banks in terms of non-interest.
The banks non-interest expense increased only 1.4 percent in 2016 (compared to a jump of
cent in 2015), the marginal 2016 climb was almost entirely due to higher regulatory/compliance

Community Bank’s loan loss provision for 2016 was $425,000 higher than fiscal year 2015;
that didn’t deter your bank from posting a loan/loss reserve ratio of 1.46 percent in 2016.
his was slightly lower than the 2015 figure; it remained in the top one third nationally for banks
unity Bank’s asset size.
ember 31, 2016 First Community Bank’s total shareholders’ equity was $42,038,000, an
of $3,618,000 from last year’s $38,420,000 with a return on average equity of over 15 t, which was in the 85th percentile nationally compared to other banks our asset size. Total
represented 10.7 percent of the total assets of the bank, which remains well above regulatory
es and includes dividends distributed to Coastal Bend Bancshares, Inc. shareholders.
Community Bank posted total assets stood at $397,796,000 at December 31, 2016, which was
ion higher than the same point in 2015.

Lewis
Executive Vice President

Resources
Cash and Due From Banks.................................................. 27,298
Investment Securities / Fed Funds.................................... 46,630
Loans................................................................. 303,081
Reserve for Loans / OD Losses......................................... (4,385)
Net Loans...................................................... 298,696
Bank Premises and Equipment, Net of Accumulated Depreciation...... 20,693
Prepaid Expenses and Other Assets.................................. 4,479
Total Assets.................................................. 353,964

Liabilities and Stockholder Equity
• Deposits
  Non-Interest Bearing.......................................... 134,402
  Interest Bearing............................................... 221,562
  Total Deposits.................................................. 356,964
  Other Borrowings............................................. 1,000
  Other Liabilities................................................. 794
  Total Liabilities............................................... 358,758

• Stockholders Equity
  Common Stock..................................................... 600
  Surplus.......................................................... 13,450
  Undivided Profits............................................... 26,854
  Net Unrealized Holding Gains (Losses) on Available-for-Sale Securities...(865)
  Total Stockholders Equity................................... 42,038

Total Liabilities and Stockholder Equity........................................ 42,038

2015 | 2016
---|---
Loans | $301,485,000 | $303,081,000
Assets | $399,578,000 | $397,796,000
DDA Accounts | $143,338,000 | $132,402,000
Total Deposits | $347,835,000 | $353,964,000