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. §§ 3100(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 202, and 611a), and sections 113, 105, 312, 618, and 806 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1856a(c)(1), and 5458b(c)(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 is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Donald J Najjar
Name of the Holding Company Director and Officer
CEO
Title of the Holding Company Director and Official

attest that the Annual Report of Holding Companies (including the supporting attachments) for this report date has been prepared in conformity 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
01/30/2017
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.

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.

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

LEI: none
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address
Preferred Bancshares, Inc.
Legal Title of Holding Company
11757 Katy Freeway, Suite 100
(Mailing Address of the Holding Company) Street / P.O. Box
Houston TX 77079
City State Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:
Joanne Gonzales
CFO
Name Title
713-482-4105
Area Code / Phone Number / Extension
281-556-8585
Area Code / FAX Number
jgonzales@preferredbanktx.com
E-mail Address

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

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.

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 6.50 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 (7100-0027), Washington, DC 20503.
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:

<table>
<thead>
<tr>
<th>Preferred Bancshares - Nevada, Inc.</th>
<th>Legal Title of Subsidiary Holding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred Bancshares - Nevada, Inc.</td>
<td>Legal Title of Subsidiary Holding Company</td>
</tr>
<tr>
<td>11757 Katy Freeway, Suite 100</td>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
</tr>
<tr>
<td>Houston TX 77079</td>
<td>City State Zip Code</td>
</tr>
<tr>
<td>Physical Location (if different from mailing address)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Legal Title of Subsidiary Holding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
</tr>
<tr>
<td>City State Zip Code</td>
</tr>
<tr>
<td>Physical Location (if different from mailing address)</td>
</tr>
</tbody>
</table>

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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City State Zip Code

Physical Location (if different from mailing address)

12/2012
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.

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**Data Action** | **Effective Date** | **Branch Service Type** | **Branch ID_RSSD** | **Popular Name** | **Street Address** | **City** | **State** | **Zip Code** | **County** | **Country** | **FCIC UNINUM** | **Office Number** | **Head Office** | **Head Office ID_RSSD** | **Comments**
--- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
OK | 203070 | Full Service (Head Office) | 13757 KATY FRWY, STE 100 | HOUSTON | TX | 77079 | Harris | United States | 45009 | 0 | PREFERRED BANK | 203070 |
OK | 4164950 | CONROE OFFICE | 1192 WEST DALLAS STREET, SUITE A | CONROE | TX | 77301 | Montgomery | United States | 495972 | 1 | PREFERRED BANK | 203070 |
OK | 4164957 | MEYERLAND BRANCH | 6648 BEECHMONT | HOUSTON | TX | 77096 | Harris | United States | 465157 | 1 | PREFERRED BANK | 203070 |
OK | 4164928 | SPRING OFFICE | 86522 SULLIBER AIRLINE ROAD | SPRING | TX | 77379 | Harris | United States | 465180 | 2 | PREFERRED BANK | 203070 |
OK | 4164546 | WOODLAND OFFICE | 2000 RESEARCH FOREST BOULEVARD | SPRING | TX | 77381 | Montgomery | United States | 495973 | 4 | PREFERRED BANK | 203070 |

* FICIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.
# Report Item 3: Securities Holders

<table>
<thead>
<tr>
<th>Name &amp; Address (City, State, Country)</th>
<th>Country of Citizenship or Incorporation</th>
<th>(1)(a) Number and Percentage of Each Class of Voting Securities</th>
<th>(2)(a) Name &amp; Address (City, State, Country)</th>
<th>Country of Citizenship or Incorporation</th>
<th>(2)(b) Number and Percentage of Each Class of Voting Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Herbert L Williams</td>
<td>USA</td>
<td>402,230 72.57%</td>
<td>NONE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gerald M Birnberg</td>
<td>USA</td>
<td>42,000 7.58%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TBA Investments, Ltd</td>
<td>USA</td>
<td>35,870 6.47%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Report Item 3: Securities Holders

<table>
<thead>
<tr>
<th>(1)(a) Name &amp; Address (City, State, Country)</th>
<th>(1)(b) Country of Citizenship or Incorporation</th>
<th>(1)(c) Number and Percentage of Each Class of Voting Securities</th>
<th>(2)(a) Name &amp; Address (City, State, Country)</th>
<th>(2)(b) Country of Citizenship or Incorporation</th>
<th>(2)(c) Number and Percentage of Each Class of Voting Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred Bancshares, Inc. USA Houston, TX, USA</td>
<td>100</td>
<td>100%</td>
<td>NONE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Names &amp; Address (City, State, Country)</td>
<td>Principal Occupation if other than with Bank Holding Company</td>
<td>Title &amp; Position with Bank Holding Company</td>
<td>Title &amp; Position with Subsidiaries (include names of subsidiaries)</td>
<td>Title &amp; Position with Other Businesses (include names of other businesses)</td>
<td>Percentage of Voting Securities in Bank Holding Company</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>------------------------------------------------------------</td>
<td>------------------------------------------</td>
<td>------------------------------------------------------------</td>
<td>------------------------------------------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>Herbert I. Williams</td>
<td>Retired title business owner</td>
<td>Chairman</td>
<td>Chairman,Preferred Bank</td>
<td>N/A</td>
<td>72.57%</td>
</tr>
<tr>
<td>Katy, TX, USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H Jay Farr</td>
<td>Retired banker</td>
<td>Director</td>
<td>Director,Preferred Bank</td>
<td>N/A</td>
<td>0.03%</td>
</tr>
<tr>
<td>Katy, TX, USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donald J Najvar</td>
<td>Retired banker</td>
<td>Director</td>
<td>Director,Preferred Bank</td>
<td>N/A</td>
<td>0.03%</td>
</tr>
<tr>
<td>Houston, TX, USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scott West</td>
<td>Retired banker</td>
<td>Director</td>
<td>Director,Preferred Bank</td>
<td>N/A</td>
<td>0.12%</td>
</tr>
<tr>
<td>Houston, TX, USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steve Saxenian</td>
<td>Real Estate Investor</td>
<td>Director</td>
<td>Director,Preferred Bank</td>
<td>N/A</td>
<td>0.03%</td>
</tr>
<tr>
<td>Bellaire, TX, USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robby Shelton</td>
<td>Retired banker</td>
<td>Director</td>
<td>Director,Preferred Bank</td>
<td>N/A</td>
<td>0.00%</td>
</tr>
<tr>
<td>Muldoon, TX, USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kelley Kurtz</td>
<td>Veterinarian</td>
<td>Director</td>
<td>Director,Preferred Bank</td>
<td>Owner,Briargrove Animal Clinic</td>
<td>0.00%</td>
</tr>
<tr>
<td>Houston, TX, USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joanne Gonzales</td>
<td>Retired banker</td>
<td>Director</td>
<td>Director,Preferred Bank</td>
<td>N/A</td>
<td>0.00%</td>
</tr>
<tr>
<td>Houston, TX, USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Laura Acosta</td>
<td>Retired banker</td>
<td>Director</td>
<td>Director,Preferred Bank</td>
<td>N/A</td>
<td>0.00%</td>
</tr>
<tr>
<td>Katy, TX, USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Form FR Y-6
PREFERRED BANCSHARES, INC.
Houston, Texas
Fiscal Year Ending December 31, 2016
<table>
<thead>
<tr>
<th>Names &amp; Address (City, State, Country)</th>
<th>Principal Occupation if other than with Bank Holding Company</th>
<th>Title &amp; Position with Bank Holding Company</th>
<th>Title &amp; Position with Subsidiaries (include names of subsidiaries)</th>
<th>Title &amp; Position with Other Businesses (include names of other businesses)</th>
<th>Percentage of Voting Securities in Bank Holding Company</th>
<th>Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)</th>
<th>(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred Bancshares, Inc. Houston, TX 77079</td>
<td>Bank Holding Company</td>
<td>Entity</td>
<td>N/A</td>
<td>N/A</td>
<td>100.00%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>