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)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners' Loan Act. 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 officer of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior officer and is also a director, the chairman of the board must sign the report.

I, Chad R. Newsom
Name of the Holding Company Director and Official
Vice President, Secretary-Treasurer, & Vice-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
03/03/2016

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 2251132

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2015
Month / Day / Year
None

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

Reporters's Name, Street, and Mailing Address
Palmer Bancshares, Inc.
PO Box 820
Palmer, TX 75152
City State Zip Code

1045 North Interstate 45
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:
Dana Q Tucker
Executive Vice President
Name Title
972-449-2283
Area Code / Phone Number / Extension
972-845-3001
Area Code / FAX Number
danat@csbpalmer.com
E-mail Address
www.csbpalmer.com
Address (URL) for the Holding Company’s web page

Does the reporter request confidential treatment for any portion of this submission?
☐ Yes Please identify the report items to which this request applies:
☐ In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.
☒ The information for which confidential treatment is sought is being submitted separately labeled "Confidential."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.25 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.

12/2015
Palmer Bancshares, Inc.
Palmer, Texas
Fiscal Year Ending December 31, 2015

Report Item 2a  Organization Chart

Palmer Bancshares, Inc.
Palmer, Texas USA
Incorporated in Texas

Commerical State Bank
Palmer, Texas - Main Facility
Palmer, Texas USA
Chartered in Texas

Ferris, Texas - Branch
Ferris, Texas USA
Chartered in Texas

Wilmer, Texas - Branch
Wilmer, Texas USA
Chartered in Texas

No entity above has a LEI.

Report Item 2b  Domestic Branch Listing

Submitted via email on 2-2-16

Report Item 3 (1) (a)(b)(c): Securities Holders

<table>
<thead>
<tr>
<th>Name &amp; Address</th>
<th>Number of Shares</th>
<th>% of Shares</th>
<th>Citizenship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wilma Q. &quot;Sindy&quot; Greenwood</td>
<td>8,000</td>
<td>32.09%</td>
<td>USA</td>
</tr>
<tr>
<td>Salado, Texas, USA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phillip G. Newsom</td>
<td>14,689</td>
<td>58.91%</td>
<td>USA</td>
</tr>
<tr>
<td>Ennis, Texas, USA</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Report Item 3 (2): Securities Holders

n/a
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.

<table>
<thead>
<tr>
<th>Data Action</th>
<th>Effective Date</th>
<th>Branch Service Type</th>
<th>Branch ID_RSSD</th>
<th>Popular Name</th>
<th>Street Address</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
<th>County</th>
<th>Country</th>
<th>FDIC UNNUM*</th>
<th>Office Number*</th>
<th>Head Office</th>
<th>Head Office ID_RSSD*</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>OK</td>
<td>Full Service</td>
<td>1017564</td>
<td>COMMERCIAL STATE BANK</td>
<td>PALMER</td>
<td>1045 NORTH INTERSTATE 4S</td>
<td>TX</td>
<td>75152</td>
<td>ELLIS</td>
<td>UNITED STATES</td>
<td>6617</td>
<td>0</td>
<td>COMMERCIAL STATE BANK</td>
<td>1017564</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OK</td>
<td>Full Service</td>
<td>1412002</td>
<td>FERRIS BRANCH</td>
<td>FERRIS</td>
<td>200 S INTERSTATE HIGHWAY 4S</td>
<td>TX</td>
<td>75125</td>
<td>ELLIS</td>
<td>UNITED STATES</td>
<td>814</td>
<td>1</td>
<td>COMMERCIAL STATE BANK</td>
<td>1017564</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OK</td>
<td>Full Service</td>
<td>3665491</td>
<td>WILMER BRANCH</td>
<td>WILMER</td>
<td>421 EAST BELT LINE ROAD</td>
<td>TX</td>
<td>75172-132</td>
<td>DALLAS</td>
<td>UNITED STATES</td>
<td>470381</td>
<td>2</td>
<td>COMMERCIAL STATE BANK</td>
<td>1017564</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Report Item 4  Insiders

(1) Phillip G. Newsom
    Ennis, Texas 75119 USA

(2) Banker

(3) (a) Director, Palmer Bancshares, Inc. President & Chairman

(3) (b) Director, Commercial State Bank, CEO & COB

(3) (c) RFR Industries, Inc., Ennis  Partner
        RFR Corporation, Ennis  Partner
        901 WEA LLC, Ennis  Partner
        J & N Ranch LLC, Ennis  Owner
        I-45 Property Partnership, Palmer  Partner
        VZMV, LLC, Ennis  Partner
        IAI Cardinals, LP, Ennis  Partner
        PhilMatt Investments, Inc. Ennis  Partner
        N Bar Properties, LLC  Partner
        MSPG Properties Ltd, Ennis  Partner
        PMM Properties, LLC, Ennis  Partner

(4) (a) Palmer Bancshares, Inc.  58.9%

(4) (b) N/A

(4) (c) J & N Ranch LLC, Ennis  100.0%
        I-45 Property Partnership, Palmer  33.3%
        PhilMatt Investments, Inc. Ennis  50.0%
        N Bar Properties, LLC  50.0%
        MSPG Properties Ltd, Ennis  50.0%
        PMM Properties, LLC, Ennis  25.0%

(1) Wilma Q. "Sindy" Greenwood
    Salado, Texas 76571 USA

(2) Retired Banker

(3) (a) Director, Palmer Bancshares, Inc.

(3) (b) N/A

(3) (c) None

(4) (a) Palmer Bancshares, Inc.  32.1%

(4) (b) N/A

(4) (c) N/A
(1) **Matthew S. Newsom**  
   Ennis, Texas 75119 USA

(2) Rural Land Management and RE Investor

(3) (a) Director, Palmer Bancshares, Inc. Vice President

(3) (b) Advisory Director, Commercial State Bank

(3) (c) Clay/Cooper Investments, LP, Ennis  
      III Cardinals, LP, Ennis  
      MSPG Properties, Ltd, Ennis  
      PMM Properties, LLC, Ennis  
      PhilMatt Investments, Inc. Ennis  
      VZMV, LLC, Ennis  
      Rural Land Management, LLC  
      N Bar Heritage LLC  
      Partner  
      Partner  
      Partner  
      Partner  
      Partner  
      Owner  
      Owner

(4) (a) N/A  
      as Trustee of the Matthew Shane Newsom Investment Trust II)  
      2.3%

(4) (b) N/A

(4) (c) Clay/Cooper Investments, LP, Ennis  
      MSPG Properties, Ltd, Ennis  
      PMM Properties, LLC, Ennis  
      PhilMatt Investments, Inc. Ennis  
      Rural Land Management, LLC  
      N Bar Heritage LLC  
      33.3%  
      50.0%  
      25.0%  
      50.0%  
      100.0%  
      100.0%

(1) **Chad R. Newsom**  
   Ennis, Texas 75119 USA

(2) Banker

(3) (a) Director, Palmer Bancshares, Inc. VP/Secretary Treasurer & Vice Chairman

(3) (b) Director, Commercial State Bank and EVP

(3) (c) None

(4) (a) 561 shares Palmer Bancshares, Inc. (Chad Ryan Newsom, as Trustee of the Chad Ryan Newsom Investment Trust II)  
      2.3%

(4) (b) N/A

(4) (c) N/A
Report Item 4 Insiders (continued)

(1) **Cynthia Newsom**  
Ennis, Texas 75119 USA

(2) Retired School Teacher

(3) (a) Director, Palmer Bancshares, Inc.

(3) (b) N/A

(3) (c) None

(4) (a) N/A

(4) (b) N/A

(4) (c) N/A