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 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.

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
03/29/2016

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 2505929
C.I.

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)

Reporter’s Name, Street, and Mailing Address
Coastal Bend Bancshares, Inc.
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

Does the reporter request confidential treatment for any portion of this submission?

☐ Yes Please identify the report items to which this request applies:
All of Report Item #3, 4(2), 4(3)(c), 4(4)(a,b,c)
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."

☐ No

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
Report Item
1. Annual report to shareholders is attached.

2a. Organizational Chart

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

100%

First Community Bank
Corpus Christi, TX
Incorporated in Texas

No entity has a LEI

2b. Office/Branch Verification was emailed on 3-29-16.
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.

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.

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<th>City</th>
<th>State</th>
<th>Zip Code</th>
<th>County</th>
<th>Country</th>
<th>FRB UNICUM*</th>
<th>Office Number*</th>
<th>Head Office</th>
<th>Head Office ID RSSD*</th>
<th>Comments</th>
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<td>ALICE BRANCH</td>
<td>1600 EAST MAIN STREET</td>
<td>ALICE</td>
<td>TX</td>
<td>78323-4000</td>
<td>JPM WELLS</td>
<td>UNITED STATES</td>
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<td>4 FIRST COMMUNITY BANK</td>
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<td>ALAMEDA BRANCH</td>
<td>303158</td>
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<td>4005 SOUTH ALAMEDA STREET</td>
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<td>EVERHART BRANCH</td>
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<td>EVERHART BRANCH</td>
<td>5406 EVERHART ROAD</td>
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<td>Full Service</td>
<td>HUINE ISLAND BRANCH</td>
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<td>ISLAND BRANCH</td>
<td>4524 SOUTH PADRE ISLAND DRIVE</td>
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<td>KINGSVILLE BRANCH</td>
<td>3031529</td>
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<td>2535 BRAHMA BOULEVARD</td>
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<td>PORTLAND BRANCH</td>
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<td>PORTLAND BRANCH</td>
<td>500 WILDCAT DRIVE</td>
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<td>TX</td>
<td>78374</td>
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<td>UNITED STATES</td>
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<td>5005 WILDCAT DRIVE</td>
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<td>ROCKPORT BRANCH</td>
<td>1629 HIGHWAY 15 NORTH</td>
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<td>TOWRI BRANCH</td>
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<td>VICTORIA BRANCH</td>
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<td>UNITED STATES</td>
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</table>
COASTAL BEND BANCSHARES, INC.
416 North Water, Corpus Christi, Texas 78401
Fiscal year ending December 31, 2015

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 12-31-2015

<table>
<thead>
<tr>
<th>NAME (1a) City, State, Country</th>
<th>COUNTRY (1b) USA</th>
<th>Number &amp; Percentage of Voting Common Stock (1c)</th>
<th>NAME (2a) City, State, Country</th>
<th>COUNTRY (2b) USA</th>
<th>Number &amp; Percentage of Voting Common Stock (2c)</th>
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<td>Responsive data may be found in the confidential volume</td>
<td>Responsive data may be found in the confidential volume</td>
<td>Responsive data may be found in the confidential volume</td>
<td>Responsive data may be found in the confidential volume</td>
<td>Responsive data may be found in the confidential volume</td>
<td>Responsive data may be found in the confidential volume</td>
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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 12-31-2015
**ITEM 4. Insiders**

<table>
<thead>
<tr>
<th>(1) NAME</th>
<th>(2) Principal Occupation if other than with Bank Holding Company</th>
<th>(3a) Title &amp; Position with Bank Holding Company</th>
<th>(3b) Title &amp; Position with Subsidiaries (include names)</th>
<th>(3c) Title &amp; Position with other businesses (include names)</th>
<th>(4a) Percentage of Voting Shares in Bank Holding Company</th>
<th>(4b) Percentage of Voting Shares in Subsidiaries (names)</th>
<th>(4c) Names of other companies if 25% or more of voting securities are held (list names and percentages of voting securities held)</th>
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<tbody>
<tr>
<td>Michael or Linda Weeks</td>
<td>Responsive date may be found in the confidential volume</td>
<td>Principal Securities Holder Director (Linda)</td>
<td>Director (Linda Weeks) (First Community Bank)</td>
<td>Responsive date may be found in the confidential volume</td>
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<tr>
<td>W. Wesley Hoskins</td>
<td>Director</td>
<td>President/CEO</td>
<td>Director, President/CEO, Chairman of Board, Executive Officer (First Community Bank)</td>
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<tr>
<td>Portland, Texas USA</td>
<td>Chairman of Board</td>
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<tr>
<td>Sheree Lewis</td>
<td>Director</td>
<td>Exec. V.P./CFO/Cashier</td>
<td>Executive Officer Director (First Community Bank)</td>
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<tr>
<td>Portland, Texas USA</td>
<td>Vice President</td>
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<td>Director (First Community Bank)</td>
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<td>Manuel C. Galindo</td>
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<td>F. Van Huseman</td>
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<td>Principal Securities Holder</td>
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<td>Henry Nuss</td>
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<tr>
<td>Corpus Christi, Texas USA</td>
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<tr>
<td>Thomas A. Best</td>
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<tr>
<td>Kingsville, Texas USA</td>
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<tr>
<td>Richard B. Shaw</td>
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<td>Director (First Community Bank)</td>
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<tr>
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<tr>
<td>Employee Stock Ownership Plan ESOP</td>
<td>Principal Securities Holder</td>
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</table>
Downtown Corpus Christi

500 North Water Street
Stanley Fisher is the vice-chairman of the Board of Governors of the Federal Reserve System. He tells a story of going back to a reunion of his PhD class at some major university, and asked to see the final comprehensive exam the students were taking. After looking it over he remarked, "Why, this is exactly the same examination I took over 50 years ago." "Ah, yes," the professor replied, "It is the same, but all of the answers are now different."

Here a few truths we learned in our earlier days of banking:
• Newspapers will always be our major source of information.
• Homes will always go up in value; home prices will never decline.

Of course, the internet, television, and mobile online news providers have superseded newspapers as our major source of information and we all know what happened to home values in many parts of our country during the recent recession. My point is some of the things we think we "know for sure" don't always turn out to be correct. The world evolves, and we have to be alert and adapt to those changes to survive.

Like others in the business community, we have to try to figure out what is going on in our world and be ready for changes in our economy. For example:
• Labor Force participation has fallen 3.5 percentage points since 2007; what does that mean?
• The federal government’s debt has ballooned from around $10 trillion to over $17 trillion to 73 percent of the country’s Gross Domestic Product (not counting the $40 trillion of unfunded obligations for pensions, Medicare, and Social Security); how will that debt ever be repaid?
• What will happen when the Fed sells the Treasures and mortgage backed securities that it purchased to improve the economy?
• What effect will globalization have on wages and businesses?
• Will the Federal Reserve raise interest rates, and if so, how will doubling the interest on the national debt impact the federal budget?
• Our local biggie; when will the price of oil go back to “normal”?

Those are global issues, but if First Community Bank hadn’t thought through the impact of the Eagle Ford Shale boom when it began, we would have had sustained the losses on our oil and gas loan portfolio that other banks in our area suffered.

Adaptation and change have been necessary ingredients of the banking industry-in spades--for the past several years. The guiding principle of regulators from the beginning of time (at least since the depression of the 1930s) had been to maintain the safety and soundness of banks-to protect the depositors.

But now, thanks to the Dodd-Frank legislation and the Consumer Finance Protection Agency, the government’s primary objective has been to protect customers from these evil banks who force people to borrow money and spend it foolishly. With seemingly sub-objectives to make us lend more money to people who we know won’t be able to pay it back and to help law enforcement catch the bad guys who deposit their ill-gotten gains in accounts at our institution.
All of these things are commendable social objectives, but they have a significantly negative impact on the earning capacity of banks. I believe First Community Bank has all of its regulatory issues well under control-thanks largely to our employees who work diligently to stay on top of these issues and keep us in compliance. Mostly, we get compliments from the regulators who examine our bank, and we want to keep it that way.

Some banks weren’t alert to the changes that were occurring in their communities, the economy, and the banking industry. Five thousand banks that existed ten years ago no longer exist. Victims of merger or failure, Benjamin Franklin once said, “When you’re finished making changes, you’re finished.” So what is First Community Bank doing to be ready for the future?

- **Branch Locations:** For one thing, we opened new branch locations in Victoria and Rockport during the past year. Victoria is a major industrial center with Dow, Alcoa, and Caterpillar. Rockport, blessed with high median household incomes, houses a vibrant tourist trade and burgeoning arts community. And our established branch locations, from Alice and Kingsville on the west, to Alameda, Everhart, Downtown, Island, and Portland, are all profitable serving their unique and individualized clientele.

- **FCB Building at 500 N. Water Street:** First Community Bank purchased the 12-story office building across the street from our Downtown branch. We had been leasing two floors in the structure and are now occupying four floors with our extended operations. The building is now almost 100 percent leased.

- **Automatic Teller Machines:** In addition to our brick and mortar locations, First Community Bank has improved and expanded its ATM fleet, where we now dispense more than $1 million and receive a quarter million dollars in deposits per month. We are converting all of our ATMs to handle both cash and check deposits and installing new machines in Corpus Christi, Ingleside, and Orange Grove.

- **New Products:** We have added, and continue to add, new products to meet the needs of our customers. We provide fresh internet and smartphone/tablet applications, software such as Bill Pay, Automatic Clearing House Origination, Remote Deposit Capture, and other items of a technological nature.

- **Home Loan Center:** Our Mortgage Loan department booked a record $56 million in mortgage loans and was voted “Best of the Best” for the eighth straight year. A number of our local competitors are unable to originate mortgage loans because of the complexity involved.

- **Small Business Loans:** Our Small Business Loan department increased its total serviced loans portfolio to $41 million in 2015. FCB has been a #1 SBA Program Participating Lender in the SBA’s South Texas District and has received several awards.

Overall, First Community Bank has had a very successful year. Our total assets have grown to nearly the $400 million mark. In 2015 the bank’s net income before taxes exceeded $6,570,000, giving us a 1.71 percent return on assets and an 18.06 percent return on equity, which places our profitability in the top 12 percent of banks within our nationwide peer group. Our capital position is strong, however, our strongest asset is our human capital—the people who work at our institution. They are exceptionally competent, intelligent, loyal, hard-working problem-solvers who know and care about their customers. Most participate in our Employee Stock Ownership Plan and are shareholders, just like you. That’s why we are truly a community bank, in every sense of that term.

You are an important part of the team as well. We need your help—a referral to your friends and neighbors can help grow our deposits and departments. Together we can look forward to a successful 2016.

Wes Hoskins
CEO/President
Chairman of the Board
First Community Bank has paired with FIRST FRIDAY to raise money for breast cancer detection. Join us to help FIRST FRIDAY provide baseline mammograms for women who cannot afford this important early detection and life-saving procedure.

Donate at any First Community Bank throughout the month of October. Make your mammogram appointment, and join the employees of First Community Bank who know early detection is the first line of defense against breast cancer.
Coastal Bend Bancshares' subsidiary, First Community Bank, continues to grow its earnings mainly through a strong loan portfolio, which contributed heavily to a net-interest margin in the top 2 percent of banks in our same peer group in the U.S. Additionally, during 2015, non-interest income continued to be a significant revenue producer for our hometown community bank.

The bank's net income totaled $6,571,000, while lower than the $7,440,000 produced in 2014, still managed to generate a return on assets (ROA) of 1.71 percent, a figure in the 88th percentile of banks our asset size.

During 2015, interest income climbed by $999,000 and equaled $21,247,000, or 5 percent over 2014's level. Correspondingly, interest expense, totaling $964,000 was $55,000 lower than 2014, netting the bank an additional $1,159,000 in net interest income for 2015; the bank's net interest margin remained incredibly resilient given the local economic environment. Our loan to deposit ratio averaged nearly 83 percent for the year, increasing due to greater than a 10 percent increase in loan demand coupled with a slight in demand deposits due to local economies—during 2015.

Non-interest income ebbed somewhat in 2015 to a total of $5,522,000 principally as revenue from SBA loan sources slowed compared to 2014. However, even with the 12 percent decline, the bank remained in the top 15 percent of U.S. banks our size in terms of non-interest income. Non-interest expense increased by $1,295,000 this year, or approximately 7.5 percent from 2014, mostly due to higher human resources and regulatory compliance expenses.

Loan loss provision for 2015 was $600,000, precisely the same as 2014. Our loan reserve ratio decreased from 1.70 percent in 2014 to 1.50 percent in 2015; however, 2015's ratio continued to be above the national average for banks approximately our asset size.

At December 31, 2015, First Community Bank's shareholders' equity was $38,420,000, an increase of $5,241,000 from last year's $33,179,000, with a return on average equity of 18 percent which is in the top percentile of other banks our asset size. Total equity represented 9.9 percent of the total assets of the bank, which remains well above regulatory guidelines and includes dividends distributed to Coastal Bend Bancshares, Inc. for debt reduction and shareholders.

Total assets stood at $393,578,000 at December 31, 2015, a growth of 6 percent.

Sheree Lewis
CFO/Executive Vice President
**Resources**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in Thousands)</th>
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<td>Investment Securities / C.D.s / Fed Funds</td>
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<td>Reserve for Loans / OD Losses</td>
<td>(4,502)</td>
</tr>
<tr>
<td>Net Loans</td>
<td>296,983</td>
</tr>
<tr>
<td>Bank Premises and Equipment, Net of Accumulated Depreciation</td>
<td>21,046</td>
</tr>
<tr>
<td>Prepaid Expenses and Other Assets</td>
<td>5,320</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>393,578</strong></td>
</tr>
</tbody>
</table>

**Liabilities and Stockholder Equity**

**Deposits**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Interest Bearing</td>
<td>143,338</td>
</tr>
<tr>
<td>Interest Bearing</td>
<td>204,297</td>
</tr>
<tr>
<td><strong>Total Deposits</strong></td>
<td><strong>347,635</strong></td>
</tr>
<tr>
<td>Other Borrowings</td>
<td>6,854</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>669</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>355,158</strong></td>
</tr>
</tbody>
</table>

**Stockholders Equity**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>600</td>
</tr>
<tr>
<td>Surplus</td>
<td>13,450</td>
</tr>
<tr>
<td>Undivided Profits</td>
<td>24,662</td>
</tr>
<tr>
<td>Net Unrealized Holding Gains (Losses) on Available-for-Sale Securities</td>
<td>(292)</td>
</tr>
<tr>
<td><strong>Total Stockholders Equity</strong></td>
<td><strong>38,420</strong></td>
</tr>
</tbody>
</table>

**Total Liabilities and Stockholders Equity**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>$273,204,000</td>
<td>$301,485,000</td>
</tr>
<tr>
<td>Assets</td>
<td>$371,408,000</td>
<td>$393,578,000</td>
</tr>
<tr>
<td>DDA Accounts</td>
<td>$142,666,000</td>
<td>$143,338,000</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>$335,921,000</td>
<td>$347,635,000</td>
</tr>
</tbody>
</table>
OFFICERS & DIRECTORS | 2015

Wes Hoskins  
CEO/President

Silvia Aparicio  
CFO/Executive Vice President

Renée Carter  
Executive Vice President

Santia Garcia  
Executive Vice President

Miles Graham  
Executive Vice President

Shereen Lewis  
CFO/Executive Vice President

Brian Coufal  
Senior Vice President

Prax Guerra  
Senior Vice President

David Hernandez  
Senior Vice President

Steve McBrayer  
Senior Vice President

David Royal  
Senior Vice President

Jessica Saponari  
Senior Vice President

Noel Aguilar  
Vice President

Amy Atkins  
Vice President

Nick Black  
Vice President

Robert Brantley  
Vice President

David Cantu  
Vice President

Norma Elizalde  
Vice President

Julie Harris  
Vice President

Eric Keller  
Vice President

Yolanda Hernandez  
Vice President

Joe Ingle  
Vice President

Eric Kern  
Vice President

Jerrett Krouse  
Vice President

Michael Mincey  
Vice President

Jim Montgomery  
Vice President

Teri Owen  
Vice President

Jamie Phillips  
Vice President

Monica Rodriguez  
Vice President

Francis Stokes  
Vice President

JoAnn Sullivan  
Vice President

Philip von Keyserlingk  
Vice President

Nelda Ochoa  
Assistant Vice President

Letty Perez  
Assistant Vice President

Tomasa Marroquin  
Compliance/CRA Officer

Laura Gary  
Administrative Officer

W. Wesley Hoskins  
Chairman of the Board

Tom A. Best  
Manuel C. Galindo  
Van Huseman  
Shereen L. Lewis  
Henry Nuss  
Richard B. Shaw  
Linda Weeks

DIRECTORS