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, KATHERINE REESE CAPPS
Name of the Holding Company Director and Official
PRESIDENT / 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 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
03/19/2014

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 1070998
C.I.

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2013
Month / Day / Year

Reporter's Name, Street, and Mailing Address
FIRST STATE BANCSHARES, INC.
Legal Title of Holding Company
1810 CUMBERLAND AVE. / P.O. BOX 400
(Mailing Address of the Holding Company) Street / P.O. Box
MIDDLESBORO KY 40965
City State Zip Code

Physical location (if different from mailing address)

Person to whom questions about this report should be directed:
TERESA LYNN FRANCIS EVP / CFO
Name
606-248-9537
Area Code / Phone Number / Extension
606-248-9551
Area Code / FAX Number
teresa.francis(firststatefinancial.net
E-mail Address
www.firststatefinancial.net
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:
☐ No

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, N.W., Washington, D.C. 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, D.C. 20503.

12/2012
First State Bancshares, Inc.
Middlesboro, Kentucky
Fiscal Year Ending December 31, 2013

Report Item
2a: Organization Chart - All companies are reportable on the FR Y-10

Diagram:

FIRST STATE BANCSHARES, INC.
MIDDLESBORO, KY
INCORPORATED IN KENTUCKY

FSB INSURANCE AGENCY, INC.
BARBOURVILLE, KY USA
INCORPORATED IN KENTUCKY

FIRST STATE FINANCIAL, INC.
PINEVILLE, KY USA
INCORPORATED IN KENTUCKY

ASSET PROTECTION MANAGEMENT, INC.
MIDDLESBORO, KY USA
INCORPORATED IN KENTUCKY
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 requested, 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 closing 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

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**Data Action** | **Effective Date** | **Branch Service Type** | **Branch ID_RSSD** | **Popular Name** | **Street Address** | **City** | **State** | **Zip Code** | **County** | **Country** | **FDIC UNNUM** | **Office Number** | **Head Office** | **Head Office ID_RSSD** | **Comments**
--- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | ---
OK | 9/28/11 | Full Service | 961811 | FIRST STATE FINANCIAL, INC. | PINE ST & VIRGINIA AVE | PINEVILLE | KY | 40977 | BELL | UNITED STATES | 1752 | 1ST STATE FINANCIAL, INC. | 961811 | 
OK | 9/28/11 | Full Service | 961811 | FIRST STATE FINANCIAL, INC. | 3620 WALDEN DRIVE | LEXINGTON | KY | 40517 | FAYETTE | UNITED STATES | 61795 | 1ST STATE FINANCIAL, INC. | 961811 | 
OK | 9/28/11 | Full Service | 473630 | HARRIERSBURG ROAD BRANCH | 2725 HARRIERSBURG RD | LEXINGTON | KY | 40504 | FAYETTE | UNITED STATES | 61795 | 1ST STATE FINANCIAL, INC. | 961811 | 
OK | 9/28/11 | Full Service | 784113 | EAST END BRANCH | 815 EAST LOTHBURY AVE | MIDDLESBORO | KY | 40965 | BELL | UNITED STATES | 192835 | 1ST STATE FINANCIAL, INC. | 961811 | 
OK | 9/28/11 | Full Service | 231114 | MIDDLESBORO DOWNTOWN OFFICE | 4110 CLARKELAND AVE | MIDDLESBORO | KY | 40965 | BELL | UNITED STATES | 193209 | 1ST STATE FINANCIAL, INC. | 961811 | 
OK | 9/28/11 | Full Service | 169611 | WEST BRANCH | 2292 CLARKELAND AVE | MIDDLESBORO | KY | 40965 | BELL | UNITED STATES | 193209 | 1ST STATE FINANCIAL, INC. | 961811 | 
OK | 9/28/11 | Full Service | 359014 | HARRILAN ROAD BRANCH | 1715 HIGHWAY 115 & HARRILAN ROAD | PINEVILLE | KY | 40977 | BELL | UNITED STATES | 191432 | 1ST STATE FINANCIAL, INC. | 961811 | 
OK | 9/28/11 | Full Service | 361374 | WATERPARK BRANCH OFFICE | 124626 HIGHWAY RJ | WILLIAMSBURG | KY | 40768 | WHITNEY | UNITED STATES | 420576 | 1ST STATE FINANCIAL, INC. | 961811 | 
OK | 9/28/11 | Full Service | 363033 | WILLIAMSBRG BRANCH | 1410 NORTH HIGHWAY 25 WEST | WILLIAMSBURG | KY | 40768 | WHITNEY | UNITED STATES | 419247 | 1ST STATE FINANCIAL, INC. | 961811 | 
OK | 9/28/11 | Full Service | 363168 | JELICO BRANCH | 3665 1ST STREET | JELICO | TN | 37762 | CAMPBELL | UNITED STATES | 427120 | 1ST STATE FINANCIAL, INC. | 961811 | 
OK | 9/28/11 | Full Service | 387397 | TAZEWELL TENNESSEE BRANCH | 899 MAIN ST STE 3 | TAZEWELL | TN | 37879 | CLARK | UNITED STATES | 455120 | 1ST STATE FINANCIAL, INC. | 961811 |
## FORM FR Y-6
First State Bancshares, Inc.
Fiscal Year Ending December 31, 2013

### Report Item 3: Securities holders

(1)(a)(b)(c)

<table>
<thead>
<tr>
<th>(1)(a) Name</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</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>Katherine Reese Capps</td>
<td>USA</td>
<td>45 - (100%) Common Stock</td>
<td>None</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pineville, KY USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Current securities holders with ownership, control or holdings of 5% or more with power to vote as of 12/31/2013

Securities holders not listed in (3)(1)(a) thru (3)(1)(c) that had ownership, control or holdings of 5% or more with the power to vote during the fiscal year ending 12/31/2013.
<table>
<thead>
<tr>
<th>(1) Names</th>
<th>City, State, Country</th>
<th>(2) Principal Occupation if other than with Bank Holding Company</th>
<th>(3)(a) Title &amp; Position with Bank Holding Company</th>
<th>(3)(b) Title &amp; Position with Subsidiaries (includes names of subsidiaries)</th>
<th>(4)(a) Percentage of Voting Shares in Bank Holding Company</th>
<th>(4)(b) Percentage of Voting Shares in Subsidiaries (includes names of subsidiaries)</th>
<th>(HRI) 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>Katherine Rease Capps</td>
<td>Pioche, KY USA</td>
<td>NA</td>
<td>Director / Chairman / President &amp; CEO</td>
<td>Owner</td>
<td>KRC Realty, LLC</td>
<td>100%</td>
<td>None</td>
</tr>
<tr>
<td>Ray B Stirling</td>
<td>Hargrave, TN USA</td>
<td>NA</td>
<td>Director</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Bayer H Fulton</td>
<td>Hargrave, TN USA</td>
<td>NA</td>
<td>Director</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Jacob P. Cline</td>
<td>Middletown, KY USA</td>
<td>Attorney</td>
<td>Director / General Counsel</td>
<td>Owner</td>
<td>J.P. Cline, Attorney at Law</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Greg Kreisinger</td>
<td>Lexington, KY USA</td>
<td>N/A</td>
<td>Director</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Ronald Tidwell</td>
<td>Lexington, KY USA</td>
<td>Attorney/ CEO</td>
<td>Director</td>
<td>CEO / Legal Counsel &amp; Director</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Paul David Steedy</td>
<td>Wilmot, KY USA</td>
<td>Airport Project Developer</td>
<td>Director</td>
<td>Owner</td>
<td>Paul Steedy Fund, Inc.</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Diana Hart</td>
<td>London KY USA</td>
<td>Insurance Agent</td>
<td>Director</td>
<td>Owner</td>
<td>DGH Property, LLC</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Teresa Frenich</td>
<td>Middletown KY USA</td>
<td>N/A</td>
<td>Secretary / Treasurer</td>
<td>Partner</td>
<td>Lakeside Campground</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Wade T Steed</td>
<td>Middletown KY USA</td>
<td>N/A</td>
<td>Executive Vice President</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>