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)); 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. §§ 246(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.

1. 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.

   Date of Signature

   03/25/2015

   Signature of Holding Company Director and Officer

   Date of Report (top-tier holding company’s fiscal year-end):
   December 31, 2014

   Month / Day / Year

   N/A

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

   Reporter’s Name, Street, and Mailing Address

   First State Bancshares, Inc.

   1810 Cumberland Avenue/P.O. Box 400

   Middleboro, KY 40965

   (Mailing Address of the Holding Company) Street / P.O. Box

   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

   Title

   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  The information for which confidential treatment is sought is being submitted separately labeled "Confidential.

   □ In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.

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.
First State Bancshares, Inc.
Middlesboro, Kentucky
Fiscal Year Ending December 31, 2014

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

Diagram:
- First State Bancshares, Inc.
  Middlesboro, KY
  Incorporated in Kentucky

  100%  100%

  FSB Insurance Agency, Inc.
  Barbourville, KY USA
  Incorporated in Kentucky

  First State Financial, Inc.
  Pineville, KY USA
  Incorporated in Kentucky

  100%

  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 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.

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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>FDIC UNNUM*</th>
<th>Office Number*</th>
<th>Head Office</th>
<th>Head Office ID_BSSID*</th>
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<td>961811</td>
<td>FIRST STATE FINANCIAL, INC.</td>
<td>PINE ST &amp; VIRGINIA AVE</td>
<td>FINEVILLE</td>
<td>KY</td>
<td>40977</td>
<td>BELL</td>
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<td>FIRST STATE BRANCH</td>
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<td>960 WADDEN DRIVE</td>
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<td>40517</td>
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<td>2206 HARRODSBURG RD</td>
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<td>FAYETTE</td>
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<td>1151 EAST LOLTHUARY AVE</td>
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<td>US HIGHWAY 119 &amp; MARLAN ROAD</td>
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<td>WILLIAMSBURG</td>
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<td>Name</td>
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<td>Number and Percentage of Each Class of Voting Securities</td>
<td>Name</td>
<td>City, State, Country</td>
<td>Number and Percentage of Each Class of Voting Securities</td>
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<td>Katherine Reese Capps</td>
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<td>Name</td>
<td>City, State, Country</td>
<td>(1) Names</td>
<td>(2) Principal Occupation if other than with Bank Holding Company</td>
<td>(3) Title &amp; Position with Bank Holding Company</td>
<td>(3A) Title &amp; Position with Subsidiary (Includes names of subsidiaries)</td>
<td>(4) Title &amp; Position with Other Businesses (Include names of other businesses)</td>
<td>(4A) Percentage of Voting Shares in Bank Holding Company</td>
<td>(4B) Percentage of Voting Shares in Subsidiaries (Include names of subsidiaries)</td>
<td>(4C) Percentage of Voting Securities Held</td>
<td>(4D) List names of other companies (Includes partnerships) If 20% or more of voting securities are held (List names of companies and percentage of voting securities held)</td>
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<td>N/A</td>
<td>Director / Chairman / President &amp; CEO</td>
<td>Director / Chairman President &amp; CEO</td>
<td>First State Financial Director / Chairman President &amp; CEO (FBB Insurance Agency) President (Asset Protection Management, Inc.) President &amp; CEO (First State Bancshares, Inc.)</td>
<td>KRC Realty, LLC 100%</td>
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<td>Joel Catron</td>
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<td>Jacob P. Cline</td>
<td>Middlesboro, KY USA</td>
<td>Attorneys</td>
<td>Director / General Counsel</td>
<td>Director / General Counsel</td>
<td>First State Financial</td>
<td>Owner J. P. Cline III, Attorney at Law Director Delta Natural Gas</td>
<td>None</td>
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<td>J. P. Cline III, Attorney at Law 100%</td>
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<td>Greg Kesinger</td>
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<td>N/A</td>
<td>Director</td>
<td>Director Exec VP</td>
<td>Lexington Regional President (First State Financial)</td>
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<td>Attorney/CEO</td>
<td>Director</td>
<td>Director</td>
<td>First State Financial</td>
<td>CEO / Legal Counsel &amp; Director Wells Companies Vice President / General Counsel / Secretary &amp; Director Trust Management Company Trustee United States Trust</td>
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<td>Diana Hunt</td>
<td>London, KY USA</td>
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<td>Director</td>
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<td>First State Financial VP (Forbes Insurance Agency)</td>
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<td>Teresa Francis</td>
<td>Middlesboro KY USA</td>
<td>NA</td>
<td>Director Secretary / Treasurer</td>
<td>Director Secretary / Treasurer / Executive Vice President / Chief Financial Officer / First State Financial Secretary / Treasurer / Director (FBB Insurance Agency) Secretary / Treasurer / Director (Asset Protection Management, Inc.) Secretary / Treasurer (First State Bancshares, Inc.)</td>
<td>Partner Lakeside Campground</td>
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<td>Velda T Brown</td>
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<td>Director</td>
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