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. Andrew L. Smith
Name of the Holding Company Director and Official
President
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

Date of Signature
1/25/17

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

RDSI ID 3220274
C.I.

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

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

Reporter's Name, Street, and Mailing Address
Hillsboro Bancshares, Inc.
200 East Elm Street
(Mailing Address of the Holding Company) Street / P.O. Box
Hillsboro TX 76645
City State Zip Code

Same as above

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:
Cheryl Schulz
CFO
Name
Title
254-582-2531
Area Code / Phone Number / Extension
254-582-0300
Area Code / FAX Number
cschulz@cnbhillsboro.com
E-mail Address
www.cnbhillsboro.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."
☐ No
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>N/A</th>
<th>Legal Title of Subsidiary Holding Company</th>
<th>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
<th>Physical Location (if different from mailing address)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Legal Title of Subsidiary Holding Company</td>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
<td>City</td>
<td>State</td>
<td>Zip Code</td>
<td>Physical Location (if different from mailing address)</td>
</tr>
<tr>
<td></td>
<td>Legal Title of Subsidiary Holding Company</td>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
<td>City</td>
<td>State</td>
<td>Zip Code</td>
<td>Physical Location (if different from mailing address)</td>
</tr>
<tr>
<td></td>
<td>Legal Title of Subsidiary Holding Company</td>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
<td>City</td>
<td>State</td>
<td>Zip Code</td>
<td>Physical Location (if different from mailing address)</td>
</tr>
</tbody>
</table>

12/2012
REPORT ITEM 1 - ANNUAL REPORT TO SHAREHOLDERS

Not Applicable
The bank holding company is not required to prepare form 10K with the SEC.
The bank holding company does not prepare an annual report for its securities holders.
**REPORT ITEM 2b:**

**DOMESTIC BRANCH LISTING**

*Emailed to Dallas Federal Reserve Bank on 1-24-2017.*
# FORM FR Y-6

HILLSBORO BANCSHARES INC.
FISCAL YEAR ENDING DECEMBER 31, 2016

## REPORT ITEM 3(1) - SECURITIES HOLDERS

<table>
<thead>
<tr>
<th>NAME</th>
<th>CITY, STATE</th>
<th>COUNTRY OF CITIZENSHIP</th>
<th># SHARES ALL COMMON</th>
<th>OWNERSHIP PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAROLYN S. BRIM</td>
<td>DALLAS, TX</td>
<td>UNITED STATES</td>
<td>987</td>
<td>15.48%</td>
</tr>
<tr>
<td>SUSAN P. CAMPBELL</td>
<td>PLANO, TX</td>
<td>UNITED STATES</td>
<td>323</td>
<td>5.07%</td>
</tr>
<tr>
<td>KYLE COWAN</td>
<td>HILLSBORO, TX</td>
<td>UNITED STATES</td>
<td>350</td>
<td>5.49%</td>
</tr>
<tr>
<td>ANDREW L. SMITH</td>
<td>HILLSBORO, TX</td>
<td>UNITED STATES</td>
<td>825</td>
<td>12.94%</td>
</tr>
<tr>
<td>LETHA FRANCES SMITH MARITAL TRUST ANDREW L. SMITH, TRUSTEE</td>
<td>HILLSBORO, TX</td>
<td>UNITED STATES</td>
<td>971</td>
<td>15.23%</td>
</tr>
<tr>
<td>WILLIAM RUFUS SMITH FAMILY TRUST ANDREW L. SMITH, TRUSTEE</td>
<td>HILLSBORO, TX</td>
<td>UNITED STATES</td>
<td>854</td>
<td>13.39%</td>
</tr>
<tr>
<td>DENISE R. TUGGLE ESTATE JOHN B. TUGGLE, EXECUTOR</td>
<td>HILLSBORO, TX</td>
<td>UNITED STATES</td>
<td>512</td>
<td>8.03%</td>
</tr>
</tbody>
</table>

## REPORT ITEM 3(2) - SECURITIES HOLDERS

N/A
## REPORT ITEM 4 - INSIDERS

<table>
<thead>
<tr>
<th>NAME</th>
<th>ADDRESS</th>
<th>PRINCIPAL OCCUPATION, IF OTHER THAN WITH THE HOLDING COMPANY</th>
<th>TITLE OR POSITION WITH THE HOLDING COMPANY &amp; SUBSIDIARIES</th>
<th>TITLE OR POSITION WITH DIRECT AND INDIRECT SUBSIDIARIES</th>
<th>PERCENTAGE OF SHARES OWNED IN THE HOLDING COMPANY</th>
<th>PERCENTAGE OF SHARES OWNED IN DIRECT AND INDIRECT SUBSIDIARIES</th>
<th>PERCENTAGE OF SHARES OWNED IN ANY OTHER COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew L. Smith</td>
<td>Hillsboro, TX USA</td>
<td>N/A</td>
<td>Director &amp; President - Citizens National Bank, Hillsboro</td>
<td>N/A</td>
<td>12.94%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Kyle Cowan</td>
<td>Whitney, TX USA</td>
<td>N/A</td>
<td>Director</td>
<td>N/A</td>
<td>5.49%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>W W Siddons, Jr</td>
<td>Hillsboro, TX USA</td>
<td>Owner-Hill County Insurance Agency</td>
<td>Director</td>
<td>N/A</td>
<td>1.33%</td>
<td>N/A</td>
<td>Hills County Insurance Agency - 50%</td>
</tr>
<tr>
<td>John B Tuggle</td>
<td>Hillsboro, TX USA</td>
<td>N/A</td>
<td>Director</td>
<td>N/A</td>
<td>1.90%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Carolyn S Brim</td>
<td>Dallas TX 75225</td>
<td>N/A</td>
<td>Director</td>
<td>N/A</td>
<td>15.48%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>W W Siddons, III</td>
<td>Hillsboro, TX USA</td>
<td>Owner-Hill County Insurance Agency</td>
<td>Director</td>
<td>N/A</td>
<td>0.16%</td>
<td>N/A</td>
<td>Hills County Insurance Agency - 50%</td>
</tr>
<tr>
<td>Kenneth W Nowlin</td>
<td>Whitney, TX USA</td>
<td>N/A</td>
<td>Director &amp; Secretary - Citizens National Bank, Hillsboro</td>
<td>N/A</td>
<td>0.16%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Benjamin M Cowan</td>
<td>Hillsboro, TX USA</td>
<td>N/A</td>
<td>Director</td>
<td>COO - Citizens National Bank, Hillsboro</td>
<td>0.78%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Lela Frances Smith Marital Trust</td>
<td>Hillsboro, TX USA</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>15.23%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Andrew L. Smith, Trustee</td>
<td>Hillsboro, TX USA</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>13.39%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>William Rufus Smith Family Trust</td>
<td>Hillsboro, TX USA</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>