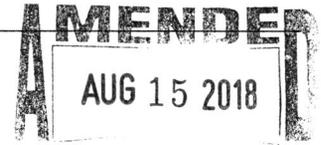


Board of Governors of the Federal Reserve System



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)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

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. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

Date of Report (top-tier holding company's fiscal year-end):  
**December 31, 2017**

Month / Day / Year

N/A

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

Reporter's Name, Street, and Mailing Address

Bosque Bancshares, Inc.

Legal Title of Holding Company

P O Box 87

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

Cranfills Gap TX 76637

City State Zip Code

307 N. 3rd, Cranfills Gap, TX 76637

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Vernon King CPA

Name Title

254-776-0515

Area Code / Phone Number / Extension

254-776-0672

Area Code / FAX Number

vkingjrpc@sbcglobal.net

E-mail Address

http://www.fsbttexas.com

Address (URL) for the Holding Company's web page

I, Robert Phillips

Name of the Holding Company Director and Official

Vice President / 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]

Signature of Holding Company Director and Official

8/1/18

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 \_\_\_\_\_

C.I. \_\_\_\_\_

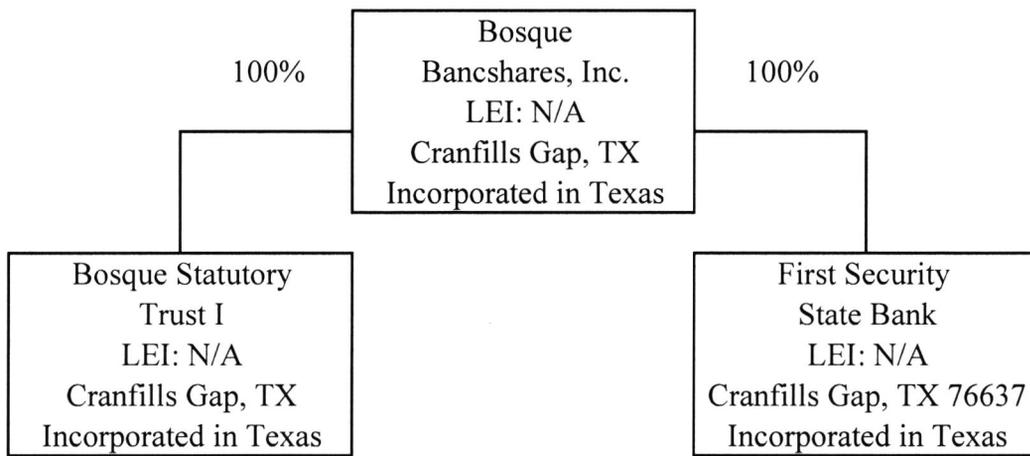
|  |               |   |
|--|---------------|---|
| Is confidential treatment requested for any portion of this report submission? .....   | 0=No<br>1=Yes | <input type="checkbox"/><br><input checked="" type="checkbox"/> |
| In accordance with the General Instructions for this report (check only one),  |               |   |
| 1. a letter justifying this request is being provided along with the report .....  |               | <input type="checkbox"/>  |
| 2. a letter justifying this request has been provided separately .....   |               | <input type="checkbox"/>  |
| NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential." |               |   |

Form FR Y-6  
Bosque Bancshares, Inc.  
Cranfills Gap, Texas  
Fiscal Year Ending December 31, 2017

Report Item:

1: The bank holding company prepares an annual report for its shareholders and is not registered with the SEC. As specified by the appropriate Reserve Bank, copies are enclosed

2a: Organizational Chart



2b: Domestic Branch Listing provided to the Federal Reserve Bank.

HC  
Cranfills Gap, TX  
Fiscal Year Ending December 31, 2017

**Report Item 3: Securities Holders**

| Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2017 |   | Securities Holders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-2017 |   |
|---|---|--|---|
| (1)(a)<br>Name & Address<br>(City, State, Country)  | (1)(b)<br>Country of<br>Citizenship or<br>Incorporation | (1)(c)<br>Number and<br>Percentage of Each<br>Class of Voting<br>Securities  | (2)(a)<br>Name & Address<br>(City, State, Country)                          |
| Rodney G. Joy or<br>Sandra P. Joy<br>Cranfills Gap, TX<br>76637   | USA   | 17,955 - 21.96%<br>Common Stock  | None  |
| Robert C. Phillips<br>Clifton, TX 76634   | USA   | 21,340 - 25.10%<br>Common Stock  | (2)(b)<br>Country of<br>Citizenship or<br>Incorporation                     |
| Rodney G. Joy ,<br>Trustee**<br>Bosque Bancshares<br>Employee Stock<br>Ownership Plan<br>Cranfills Gap, TX 76637                    | USA   | 20,026 - 24.49%<br>Common Stock  | (2)(c)<br>Number and<br>Percentage of Each<br>Class of Voting<br>Securities |
| David Esgar or<br>Julia Esgar<br>Wiley, CO 81092  | USA   | 10,970 - 12.42%<br>Common Stock  |   |

\*\*Article 8, Section 8.5  
of the Bosque  
Bancshares, Inc.  
Employee Stock  
Ownership Plan

HC  
Cranfills Gap, TX  
Fiscal Year Ending December 31, 2017

**Report Item 4: Insiders**  
(1)(a)(b)(c) and (2)(a)(b)(c)

| (1)  | (2)   | (3)(a)                                   | (3)(b)  | (3)(c)  | (4)(a)   | (4)(b)  | (4)(c)  |
|--|---|--|---|---|--|---|---|
| Names & Address<br>(City, State, Country)                                      | Principal Occupation<br>if other than with<br>holding company | Title & Position with<br>holding company | Title & Position with<br>names of<br>subsidiaries | Title & Position with<br>Other Businesses<br>(include names of other<br>businesses) | Percentage of Voting<br>Securities in holding<br>company | Percentage of Voting<br>Securities in<br>Subsidiaries (include<br>names of<br>subsidiaries) | List names of other<br>companies (includes<br>partnerships) if 25%<br>or more of voting<br>securities are held<br>(List names of<br>companies and<br>percentage of voting<br>securities held) |
| Rodney G. Joy**<br>Cranfills Gap<br>Texas 76637 USA                            | Banker  | President<br>Director                    | None  | N/A   | 46.45%   | N/A   | N/A   |
| Sandra P. Joy*<br>Cranfills Gap<br>Texas 76637 USA                             | Homemaker   | Secretary<br>Director                    | None  | N/A   | 21.96%   | N/A   | N/A   |
| Robert C. Phillips<br>Clifton<br>Texas 76634 USA                               | Banker  | Vice President<br>Director               | None  | Panhandle Financial<br>Services, Inc.<br>President                                  | 25.10%   | N/A   | Panhandle Financial<br>Services, Inc. 25.10%  |
| David Esgar<br>Wiley, CO 81092 USA   | Banker  | None                                     | None  | San Juan Basin Pool<br>Management Co.<br>President                                  | N/A  | N/A   | N/A   |
| Julia Esgar***<br>Wiley, CO 81092 USA  | Homemaker   | None                                     | None  | San Juan Basin Pool Ltd.<br>President of general<br>partner                         | N/A  | N/A   | N/A   |
| **Rodney Joy, Trustee<br>Bosque Bancshares<br>Employee Stock<br>Ownership Plan |   |  |   | Legacy Bank<br>Wiley, CO<br>President   | 12.42%   | N/A   | N/A   |
| *Sandra is co-owner of<br>the shares listed with<br>Rodney Joy.                |   |  |   | N/A   | 12.42%   | N/A   | N/A   |
| ***Julia is co-owner of<br>the shares listed with<br>David Esgar.              |   |  |   |   | **24.49%   |   |   |

**Results:** A list of branches for your depository institution: FIRST SECURITY STATE BANK (ID\_RSSD: 819154).  
 This depository institution is held by BOSQUE BANCSHARES, INC. (1135057) of CRANFILLS GAP, TX.  
 The data are as of 12/31/2017. Data reflects information that was received and processed through 01/04/2018.

**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, 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>

\* FDIC UNINUM, Office Number, and ID\_RSSD columns are for reference only. Verification of these values is not required

| Data Action | Effective Date | Branch Service Type        | Branch ID_RSSD* | Popular Name              | Street Address       | City          | State | Zip Code   | County | Country       | FDIC UNINUM* | Office Number* | Head Office               | Head Office ID_RSSD* | Comments |
|-------------|----------------|----------------------------|-----------------|---------------------------|----------------------|---------------|-------|------------|--------|---------------|--------------|----------------|---------------------------|----------------------|----------|
| OK          |                | Full Service (Head Office) | 819154          | FIRST SECURITY STATE BANK | 307 3RD STREET       | CRANFILLS GAP | TX    | 76637      | BOSQUE | UNITED STATES | Not Required | Not Required   | FIRST SECURITY STATE BANK | 819154               |          |
| OK          |                | Full Service               | 1466451         | CLIFTON BRANCH            | 1115 WEST 5TH STREET | CLIFTON       | TX    | 76634      | BOSQUE | UNITED STATES | Not Required | Not Required   | FIRST SECURITY STATE BANK | 819154               |          |
| OK          |                | Full Service               | 3385810         | MERIDIAN BRANCH           | 9353 HWY 6           | MERIDIAN      | TX    | 76665-2993 | BOSQUE | UNITED STATES | Not Required | Not Required   | FIRST SECURITY STATE BANK | 819154               |          |
| OK          |                | Full Service               | 3182505         | WHITNEY BRANCH            | 1201 N BRAZOS ST     | WHITNEY       | TX    | 76692      | HILL   | UNITED STATES | Not Required | Not Required   | FIRST SECURITY STATE BANK | 819154               |          |

ELECTRONICALLY SUBMITTED 01/10/2018

structure.verification@dal.frb.org

BOSQUE BANCSHARES, INC.  
(PARENT ONLY)

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

SEE ACCOUNTANT'S COMPILATION REPORT

VERNON R. KING JR. P.C.

CERTIFIED PUBLIC ACCOUNTANT

345 OWEN LANE, SUITE 110

WACO, TEXAS 76710

VERNON R. KING, JR. PC  
CERTIFIED PUBLIC ACCOUNTANT  
P O BOX 21023  
WACO, TEXAS 76702-1023  
254-776-0515

Board of Directors  
Bosque Bancshares, Inc.  
Cransfills Gap, Texas

Management is responsible for the accompanying financial statements of Bosque Bancshares, Inc. (Parent Only), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of earnings, changes in stockholders' equity, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations and cash flow. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income.

January 4, 2018

Handwritten signature of Vernon R. King Jr. P.C.

BOSQUE BANCSHARES INC.  
(PARENT ONLY)  
BALANCE SHEETS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| <u>ASSETS</u>                     | <u>2017</u>         | <u>2016</u>         |
|-----------------------------------|---------------------|---------------------|
| Cash in bank                      | \$ 59,716           | \$ 66,363           |
| Cash in bank, descretionary       | <u>252,869</u>      | <u>184,953</u>      |
|                                   | 312,585             | 251,316             |
| Investment in subsidiary          | 8,086,728           | 8,082,494           |
| Dividend receivable               | 256,000             | 221,000             |
| Investment in non-bank subsidiary | 93,000              | 93,000              |
| Loan Premium                      | 47,875              | 50,875              |
| Other assets                      | 8,119               | 8,119               |
| Goodwill                          | <u>1,103,882</u>    | <u>1,103,882</u>    |
| Total Assets                      | <u>\$ 9,908,189</u> | <u>\$ 9,810,686</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

|   |                     |                     |
|---|---------------------|---------------------|
| Liabilities:                                  |                     |                     |
| Interest payable                              | \$ 19,451           | \$ 14,343           |
| Deferred Compensation                         | 20,629              | 16,905              |
| Subordinated debentures-non trust pref        | 1,000,000           | 1,000,000           |
| Subordinated debentures-trust preferrd        | <u>3,093,000</u>    | <u>3,093,000</u>    |
| Total Liabilities                             | <u>4,133,080</u>    | <u>4,124,248</u>    |
| Stockholders' Equity:                         |                     |                     |
| Common stock                                  | 81,766              | 81,766              |
| Additional paid in capital                    | 1,226,549           | 1,226,549           |
| Accumulated Other Comprehensive Income        | ( 852,939)          | ( 660,380)          |
| Retained earnings                             | <u>5,319,733</u>    | <u>5,038,503</u>    |
| Total Stockholders' Equity                    | <u>5,775,109</u>    | <u>5,686,438</u>    |
| Total Liabilities<br>and Stockholders' Equity | <u>\$ 9,908,189</u> | <u>\$ 9,810,686</u> |

See independent accountant's compilation report.

BOSQUE BANCSHARES INC.  
(PARENT ONLY)  
STATEMENTS OF EARNINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

|                          | <u>2017</u>       | <u>2016</u>       |
|--------------------------|-------------------|-------------------|
| Revenues:                |                   |                   |
| Earnings of subsidiaries | \$ 1,171,586      | \$ 1,085,849      |
| Interest                 | <u>611</u>        | <u>438</u>        |
| Total Revenues           | <u>1,172,197</u>  | <u>1,086,287</u>  |
| Expenses:                |                   |                   |
| Insurance                | 2,060             | 1,840             |
| Interest                 | 180,757           | 156,305           |
| Salaries                 | 27,000            | 27,000            |
| Deferred Compensation    | 3,723             | 1,266             |
| Taxes                    | 3,426             | 3,901             |
| Miscellaneous            |                   | <u>( 2 )</u>      |
| Total Expenses           | <u>216,966</u>    | <u>190,310</u>    |
| Net Earnings             | <u>\$ 955,231</u> | <u>\$ 895,977</u> |

See independent accountant's compilation report.

BOSQUE BANCSHARES, INC.  
(PARENT ONLY)  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

|  | <u>Common<br/>Stock</u> | <u>Capital<br/>Surplus</u> | <u>Accum.<br/>Other<br/>Comp.<br/>Income</u> | <u>Retained<br/>Earnings</u> | <u>Totals</u>    |
|--|-------------------------|----------------------------|--|------------------------------|------------------|
| Balance,<br>January 1, 2016  | \$81,766                | 1,226,549                  | (105,257)                                    | 4,797,526                    | 6,000,584        |
| COMPREHENSIVE INCOME   |                         |                            |  |                              |                  |
| Net earnings   |                         |                            |  | 895,977                      | 895,977          |
| Net change in un-<br>realized loss on<br>hedge transaction,<br>net of taxes of \$0                         |                         |                            | --   |                              | --               |
| Net change in un-<br>realized gain (loss)<br>on securities avail-<br>for sale, net of<br>taxes of \$0      |                         |                            | (555,123)                                    |                              | <u>(555,123)</u> |
| TOTAL COMPREHENSIVE INCOME   |                         |                            |  |                              | 340,854          |
| Distributions paid   | _____                   | _____                      | _____  | <u>(655,000)</u>             | <u>(655,000)</u> |
| Balance,<br>December 31, 2016  | 81,766                  | 1,226,549                  | (660,380)                                    | 5,038,503                    | 5,686,438        |
| COMPREHENSIVE INCOME   |                         |                            |  |                              |                  |
| Net earnings   |                         |                            |  | 955,231                      | 955,231          |
| Net change in un-<br>realized apprecia-<br>tion on securities<br>available for sale<br>net of taxes of \$0 |                         |                            | (192,559)                                    |                              | <u>(192,559)</u> |
| TOTAL COMPREHENSIVE INCOME   |                         |                            |  |                              | 762,672          |
| Distributions paid   | _____                   | _____                      | _____  | <u>(674,000)</u>             | <u>(674,000)</u> |
| Balance,<br>December 31, 2017  | <u>\$81,766</u>         | <u>1,226,549</u>           | <u>(852,939)</u>                             | <u>5,319,733</u>             | <u>5,775,109</u> |

See independent accountant's compilation report.

BOSQUE BANCSHARES INC.  
(PARENT ONLY)  
STATEMENTS OF CASH FLOW  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

|   | <u>2017</u>       | <u>2016</u>       |
|---|-------------------|-------------------|
| Cash flows from operating activities:   |                   |                   |
| Net Income  | \$ <u>955,231</u> | \$ <u>895,976</u> |
| Adjustments to reconcile net income to net cash provided by operating activities: |                   |                   |
| Amortization of loan premium  | 3,000             | 3,000             |
| Undistributed (earnings) loss of affiliate  | (196,793)         | (182,503)         |
| (Increase) decrease in dividend receivable  | ( 35,000)         | 0                 |
| Increase (decrease) in accrued liabilities  | 3,723             | 1,267             |
| Increase (decrease) in interest payable   | <u>5,108</u>      | <u>13</u>         |
| Total adjustments   | <u>(219,962)</u>  | <u>(178,223)</u>  |
| Net cash provided (used) by operating activities                                  | <u>735,269</u>    | <u>717,753</u>    |
| Cash flows from financing activities:   |                   |                   |
| Dividends paid  | <u>(674,000)</u>  | <u>(655,000)</u>  |
| Net cash provided (used) by financing activities                                  | <u>(674,000)</u>  | <u>(655,000)</u>  |
| Net increase (decrease) in cash   | 61,269            | 62,753            |
| Cash, beginning of year   | <u>251,316</u>    | <u>188,563</u>    |
| Cash, end of year   | <u>\$ 312,585</u> | <u>\$ 251,316</u> |
| Supplemental disclosures of cash flow information:                                |                   |                   |
| Cash paid during the period for:  |                   |                   |
| Interest expense  | <u>\$ 175,649</u> | <u>\$ 111,292</u> |

See independent accountant's compilation report.