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.

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.

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.

C. Schulz
Signature of Holding Company Director and Official

Date of Signature
1/1/2018

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

FR Y-6
OMB Number 7100-0297
Approval expires September 30, 2018
Page 1 of 2

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)

Hillsboro Bancshares, Inc.
Legal Title of Holding Company
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

Is confidential treatment requested for any portion of this report submission? 0 = No 1 = Yes 0

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
2. a letter justifying this request has been provided separately

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 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.
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>
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<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.

Hillsboro Bancshares Inc.
LEI - N/A
Hillsboro, Texas
6377 shares issued and outstanding
Incorporated in Texas

100%

The Citizens National Bank of Hillsboro
LEI - N/A
Hillsboro, Texas
8000 shares issued and outstanding
Incorporated in Texas
Results: A list of branches for your depository institution:


This depository institution is held by HILLSBORO BANCSHARES, INC. (3220274) of HILLSBORO, 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, 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.

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

<table>
<thead>
<tr>
<th>Data Action</th>
<th>Effective Date</th>
<th>Branch Service Type</th>
<th>Branch ID_RSSD*</th>
<th>Popular Name</th>
<th>Street Address</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
<th>County</th>
<th>Country</th>
<th>FDIC UNINUM*</th>
<th>Office Number*</th>
<th>Head Office</th>
<th>Head Office ID_RSSD*</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>OK</td>
<td></td>
<td>Full Service (Head Office)</td>
<td>184656</td>
<td>CITIZENS NATIONAL BANK OF HILLSBORO, THE</td>
<td>200 EAST ELM STREET</td>
<td>HILLSBORO</td>
<td>TX</td>
<td>76645-0404</td>
<td>HILL</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>CITIZENS NATIONAL BANK OF HILLSBORO, THE</td>
<td>184656</td>
<td></td>
</tr>
<tr>
<td>OK</td>
<td></td>
<td>Full Service</td>
<td>3651449</td>
<td>HILLSBORO BRANCH</td>
<td>1300 CORSICANA HIGHWAY</td>
<td>HILLSBORO</td>
<td>TX</td>
<td>76645</td>
<td>HILL</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>CITIZENS NATIONAL BANK OF HILLSBORO, THE</td>
<td>184656</td>
<td></td>
</tr>
</tbody>
</table>
Results: A list of branches for your depository institution: CITIZENS NATIONAL, BANK OF HILLSBORO, THE (ID_RSSID: 184404).
This depository institution is held by HILLSBORO BANCSHARES, INC. (3520274) of HILLSBORO, TX.
The data are as of 13/11/2017. Data reflects information that was received and processed through CLUSA/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.
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* FDIC UNNUM, Office Number, and ID_RSSID columns are for reference only. Verification of these values is not required.

<table>
<thead>
<tr>
<th>Data Action</th>
<th>Effective Date</th>
<th>Branch Service Type</th>
<th>Branch ID_RSSID*</th>
<th>Popular Name</th>
<th>Street Address</th>
<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_RSSID*</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>OK</td>
<td>2017-01-19</td>
<td>Full Service (Head Office)</td>
<td>200 EAST SL STREET</td>
<td>HILLSBORO</td>
<td>TN</td>
<td>37069-1306</td>
<td>HILL</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>CITIZENS NATIONAL, BANK OF HILLSBORO, THE</td>
<td>184404</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OK</td>
<td>2017-01-19</td>
<td>Full Service</td>
<td>3520274 HILLSBORO BRANCH*</td>
<td>1200 CORINA HIGHWAY</td>
<td>HILLSBORO</td>
<td>TN</td>
<td>37069</td>
<td>HILL</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>CITIZENS NATIONAL, BANK OF HILLSBORO, THE</td>
<td>184404</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Emailed to Dallas Federal Reserve Bank on 1-19-2018.
## FORM FR Y-6
HILLSBORO BANCSHARES INC.
FISCAL YEAR ENDING DECEMBER 31, 2017

### 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>340</td>
<td>5.33%</td>
</tr>
<tr>
<td>ANDREW L. SMITH</td>
<td>HILLSBORO, TX</td>
<td>UNITED STATES</td>
<td>765</td>
<td>12.00%</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 ROBERTSON TUGGLE FAMILY TRUST JOHN B. TUGGLE, TRUSTEE</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
<table>
<thead>
<tr>
<th>NAME</th>
<th>ADDRESS</th>
<th>PRINCIPAL OCCUPATION, IF OTHER THAN WITH THE HOLDING COMPANY 4(2)</th>
<th>TITLE OR POSITION WITH THE HOLDING CO. 4(3)(a)</th>
<th>TITLE OR POSITION WITH DIRECT AND INDIRECT SUBSIDIARIES 4(3)(b)</th>
<th>TITLE OR POSITION WITH ANY OTHER COMPANY 4(3)(c)</th>
<th>PERCENTAGE OF SHARES OWNED IN THE HOLDING COMPANY 4(4)(a)</th>
<th>PERCENTAGE OF SHARES OWNED IN DIRECT AND INDIRECT SUBSIDIARIES 4(4)(b)</th>
<th>PERCENTAGE OF SHARES OWNED IN ANY OTHER COMPANY 4(4)(c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew L. Smith</td>
<td>Hillsboro, TX USA</td>
<td>N/A</td>
<td>Director &amp; President</td>
<td>President - Citizens National Bank Hillsboro</td>
<td>N/A</td>
<td>40.62%</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>N/A</td>
<td>5.33%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>W.W. Siddons, Jr.</td>
<td>Hillsboro, TX USA</td>
<td>Insurance Agent - Hill County Insurance Agency</td>
<td>Director</td>
<td>N/A</td>
<td>Owner-Hill County Insurance Agency</td>
<td>1.33%</td>
<td>N/A</td>
<td>Hill 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>N/A</td>
<td>9.99%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Carolyn S. Brim</td>
<td>Dallas TX USA</td>
<td>N/A</td>
<td>Director</td>
<td>N/A</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>Insurance Agent - Hill County Insurance Agency</td>
<td>Director</td>
<td>N/A</td>
<td>Owner-Hill County Insurance Agency</td>
<td>0.16%</td>
<td>N/A</td>
<td>Hill 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</td>
<td>Vice President - Citizens National Bank Hillsboro</td>
<td>N/A</td>
<td>0.36%</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>N/A</td>
<td>0.94%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>