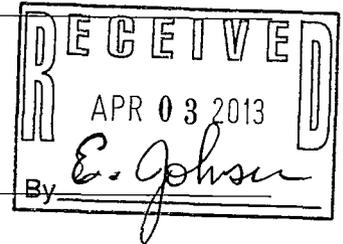


Board of Governors of the Federal Reserve System



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)); 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.

This report form is to be filed by all top-tier bank holding companies and top-tier savings and loan 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.

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2012

Month / Day / Year

I, John C. Shoop

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.

Reporter's Name, Street, and Mailing Address

Highlands Independent Bancshares, Inc.

Legal Title of Holding Company

2600 US Highway 27 N

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

Sebring

FL

33870

City

State

Zip Code

Physical location (if different from mailing address)

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.

Person to whom questions about this report should be directed:

Shannon C. Sapp

VP, Controller

Name

Title

863-402-3931

Area Code / Phone Number / Extension

863-385-1071

Area Code / FAX Number

shannonsapp@highlandsindependentbank.com

E-mail Address

www.highlandsindependentbank.com

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

Signature of Holding Company Director and Official

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.

2638014

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

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

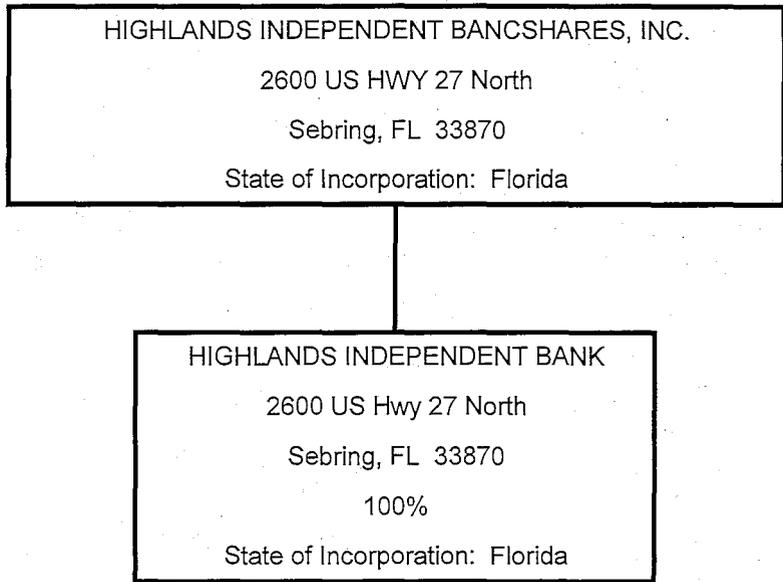
Revised

HIGHLANDS INDEPENDENT BANCSHARES, INC.
Sebring, Florida
Fiscal Year Ending December 31, 2012

Report Item

- 1: The bank holding company prepares an annual report for its shareholders.
One copy is enclosed.

- 2: Organizational Chart



Results: A list of branches for your depository institution: HIGHLANDS INDEPENDENT BANK (ID_RSSD: 659538). This depository institution is held by HIGHLANDS INDEPENDENT BANCSHARES, INC. (2638014) of SEBRING, FL. The data are as of 12/31/2012. Data reflects information that was received and processed through 02/24/2013.

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.

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)	659538	HIGHLANDS INDEPENDENT BANK	2600 US HIGHWAY 27 NORTH	SEBRING	FL	33870	HIGHLANDS	UNITED STATES	33047	0	HIGHLANDS INDEPENDENT BANK	659538	
OK		Full Service	2493213	AVON PARK BRANCH	400 US HIGHWAY 27 NORTH	AVON PARK	FL	33825	HIGHLANDS	UNITED STATES	259417	1	HIGHLANDS INDEPENDENT BANK	659538	
OK		Full Service	3723159	LAKE PLACID BRANCH	120 US HIGHWAY 27 SOUTH	LAKE PLACID	FL	33852	HIGHLANDS	UNITED STATES	363628	4	HIGHLANDS INDEPENDENT BANK	659538	
OK		Full Service	3119181	DOWNTOWN SEBRING BRANCH	205 W CENTER AVENUE	SEBRING	FL	33870	HIGHLANDS	UNITED STATES	363331	3	HIGHLANDS INDEPENDENT BANK	659538	
OK		Full Service	3723140	SOUTH SEBRING BRANCH	3540 US HIGHWAY 27 SOUTH	SEBRING	FL	33870	HIGHLANDS	UNITED STATES	357283	2	HIGHLANDS INDEPENDENT BANK	659538	
OK		Limited Service	3723168	SUN N LAKE BRANCH	6505 US HIGHWAY 27 NORTH	SEBRING	FL	33870	HIGHLANDS	UNITED STATES	462246	5	HIGHLANDS INDEPENDENT BANK	659538	

Email to:

structure2@atl.frb.org

Emailed 3/7/13

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HIGHLANDS INDEPENDENT BANCSHARES, INC.

Fiscal Year Ending December 31, 2012

Report Item 3: Shareholders

(1)abc and (2)abc

Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2012			Shareholders 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 12-31-2012		
(1)(a) Name & Address City, State, Country)	(1)(b) Country of Citizenship or Incorporation	(1)c Number and Percentage of Each Class of Voting Securities	(1)(a) Name & Address City, State, Country)	(1)(b) Country of Citizenship or Incorporation	(1)c Number and Percentage of Each Class of Voting Securities
Edward O. & Louise S. Koch, Jr. Sebring, FL	USA	126,527 Common 6.61%	None		
Charles Robert Schumacher Sebring, FL	USA	101,468 Common 5.30%			
Thomas S. & Debra M. Watkins Avon Park, FL	USA	117,540 Common 6.14%			

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HIGHLANDS INDEPENDENT BANCSHARES, INC.
Fiscal Year Ending December 31, 2012

Report Item 4: Insiders
(1), (2), (3)abc, and (4)abc

(1) Names & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)a Title & Position with Bank Holding Company	(3)b Title & Position with Subsidiaries (Include names of subsidiaries)	(3)c Title & Position with Other Businesses (Include names of other businesses)	(4)a Percentage of Voting Shares in Bank Holding Company	(4)b Percentage of Voting Shares in Subsidiaries (Include names of subsidiaries)	(4)c 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)
Robert J. Barben Avon Park, FL USA	Retired	Director	Director Highlands Independent Bank	President Robert J. Barben, Inc. Avon Park, FL Director Growers Fertilizer Corp. Lake Alfred, FL President Anapallinja, Inc. Avon Park, FL	2.41%	None	N/A
James D. Bates Lake Placid, FL USA	Caladiums	Director	Director Highlands Independent Bank	President Bates Sons & Daughters, Inc. Lake Placid, FL	0.65%	None	N/A
Robert C. Crews Avon Park, FL USA	Citrus	Director	Director Highlands Independent Bank	Vice President Crews Equipment Co., Inc. Avon Park, FL	2.07%	None	N/A
Edward O. Koch, Jr. Sebring, FL USA	Oil Jobber/ Construction	Director	Director Highlands Independent Bank	President E.O. Koch Oil Company Sebring, FL President E.O. Koch Construction Co. Sebring, FL	6.61%	None	N/A

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HIGHLANDS INDEPENDENT BANCSHARES, INC.
Fiscal Year Ending December 31, 2012

Report Item 4: Insiders
 (1), (2), (3)abc, and (4)abc

(1) Names & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)a Title & Position with Bank Holding Company	(3)b Title & Position with Subsidiaries (Include names of subsidiaries)	(3)c Title & Position with Other Businesses (Include names of other businesses)	(4)a Percentage of Voting Shares in Bank Holding Company	(4)b Percentage of Voting Shares in Subsidiaries (Include names of subsidiaries)	(4)c 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)
Kye C. Pahk Sebring, FL USA	Medical Doctor Retired	Director	Director Highlands Independent Bank	President Alltec Diagnostic Imaging, Inc. Jacksonville, FL	3.79%	None	N/A
Charles R. Schumacher Sebring, FL USA	Citrus/ Real Estate	Director	Board Vice Chairman Highlands Independent Bank	President Automatic Services, Inc. Sebring, FL President Schu, Inc. Sebring, FL Director Citrapac, Inc. Lake Hamilton President Thurston Realty, Inc. Sebring, FL	5.30%	None	N/A
Charles W. Taylor Avon Park, FL USA	Oil Jobber	Director	Director Highlands Independent Bank	President Taylor Oil Company, Inc. Avon Park, FL Managing Member C&H Taylor, LLC Avon Park, FL Managing Member Taylor's Two LLC Avon Park, FL	0.48%	None	N/A
Thomas S. Watkins Avon Park, FL USA	Dairy	Chairman of the Board	Board Chairman Highlands Independent Bank	President T.K. Dairies, Inc. Avon Park, FL	6.14%	None	N/A

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HIGHLANDS INDEPENDENT BANCSHARES, INC.
Fiscal Year Ending December 31, 2012

Report Item 4: Insiders
 (1), (2), (3)abc, and (4)abc

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				Vice President C.R. Melear Corporation Avon Park, FL			
				Manager Watkins Aviation LLC Avon Park, FL			
				Director Watkins Citrus & Cattle Company Avon Park, FL			
John C. Shoop Sebring, FL USA	N/A	Director/ President/CEO	Director/ President/CEO Highlands Independent Bank	N/A	0.86%	None	N/A
R. Todd Foster Sebring, FL USA	N/A	Secretary/ Treasurer	Executive Vice President/CFO/COO Highlands Independent Bank	N/A	0.47%	None	N/A