

**HIGHLANDS INDEPENDENT BANCSHARES, INC.**

	CPP Disbursement Date 03/06/2009	RSSD (Holding Company) 2638014	Number of Insured Depository Institutions 1	
<b>Selected balance and off-balance sheet items</b>	<b>2011</b> \$ millions	<b>2012</b> \$ millions	%chg from prev	
<b>Assets</b>	\$261	\$252	-3.4%	
Loans	\$164	\$140	-14.5%	
Construction & development	\$18	\$12	-29.6%	
Closed-end 1-4 family residential	\$45	\$42	-5.5%	
Home equity	\$14	\$12	-12.5%	
Credit card	\$0	\$0		
Other consumer	\$5	\$4	-6.5%	
Commercial & Industrial	\$17	\$14	-20.9%	
Commercial real estate	\$47	\$40	-13.3%	
Unused commitments	\$25	\$24	-2.2%	
Securitization outstanding principal	\$0	\$0		
Mortgage-backed securities (GSE and private issue)	\$29	\$33	11.4%	
Asset-backed securities	\$0	\$0		
Other securities	\$15	\$29	98.6%	
Cash & balances due	\$29	\$25	-13.6%	
<b>Residential mortgage originations</b>				
Closed-end mortgage originated for sale (quarter)	\$0	\$0		
Open-end HELOC originated for sale (quarter)	\$0	\$0		
Closed-end mortgage originations sold (quarter)	\$0	\$0		
Open-end HELOC originations sold (quarter)	\$0	\$0		
<b>Liabilities</b>	\$243	\$238	-2.1%	
Deposits	\$241	\$236	-2.1%	
Total other borrowings	\$0	\$0	-6.2%	
FHLB advances	\$0	\$0	-6.2%	
<b>Equity</b>				
Equity capital at quarter end	\$18	\$14	-21.5%	
Stock sales and transactions with parent holding company (cumulative through calendar year)	\$0	\$0	NA	
<b>Performance Ratios</b>				
Tier 1 leverage ratio	6.2%	5.2%	--	
Tier 1 risk based capital ratio	9.6%	8.8%	--	
Total risk based capital ratio	10.9%	10.1%	--	
Return on equity <sup>1</sup>	-45.4%	-42.2%	--	
Return on assets <sup>1</sup>	-3.3%	-2.5%	--	
Net interest margin <sup>1</sup>	3.8%	3.5%	--	
Coverage ratio ((ALL+Alloc transfer risk)/Noncurrent loans)	66.2%	97.0%	--	
Loss provision to net charge-offs (qtr)	432.3%	64.6%	--	
Net charge-offs to average loans and leases <sup>1</sup>	1.1%	1.9%	--	
<sup>1</sup> Quarterly, annualized.				
<b>Asset Quality (% of Total Loan Type)</b>	<b>Noncurrent Loans</b>		<b>Gross Charge-Offs</b>	
	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>
Construction & development	3.9%	19.8%	0.1%	1.3%
Closed-end 1-4 family residential	6.4%	4.8%	0.2%	0.3%
Home equity	2.3%	1.5%	1.7%	0.8%
Credit card	0.0%	0.0%	0.0%	0.0%
Other consumer	1.9%	0.0%	0.9%	0.6%
Commercial & Industrial	3.1%	1.0%	0.3%	1.3%
Commercial real estate	13.5%	4.4%	0.0%	0.1%
Total loans	9.1%	5.3%	0.3%	0.5%