

HERITAGE BANK

	CPP Disbursement Date 12/12/2008	Cert 30090	Number of Insured Depository Institutions 1	
Selected balance and off-balance sheet items	2008 \$ millions	2009 \$ millions	%chg from prev	
Assets	\$960	\$1,025	6.7%	
Loans	\$634	\$649	2.4%	
<i>Construction & development</i>	\$123	\$98	-20.3%	
<i>Closed-end 1-4 family residential</i>	\$187	\$203	8.6%	
<i>Home equity</i>	\$36	\$38	3.3%	
<i>Credit card</i>	\$0	\$0		
<i>Other consumer</i>	\$23	\$20	-13.9%	
<i>Commercial & Industrial</i>	\$65	\$55	-15.6%	
<i>Commercial real estate</i>	\$163	\$190	16.3%	
Unused commitments	\$101	\$69	-31.0%	
Securitization outstanding principal	\$0	\$0		
Mortgage-backed securities (GSE and private issue)	\$109	\$115	5.7%	
Asset-backed securities	\$0	\$0		
Other securities	\$0	\$0		
Cash & balances due	\$21	\$38	81.8%	
Residential mortgage originations				
<i>Closed-end mortgage originated for sale (quarter)</i>	\$0	\$0		
<i>Open-end HELOC originated for sale (quarter)</i>	\$0	\$0		
<i>Closed-end mortgage originations sold (quarter)</i>	\$0	\$0		
<i>Open-end HELOC originations sold (quarter)</i>	\$0	\$0		
Liabilities	\$877	\$938	6.9%	
Deposits	\$713	\$794	11.4%	
Total other borrowings	\$159	\$139	-12.7%	
FHLB advances	\$0	\$0		
Equity				
Equity capital at quarter end	\$82	\$87	5.3%	
Stock sales and transactions with parent holding company (cumulative through calendar year)	\$0	\$0	NA	
Performance Ratios				
Tier 1 leverage ratio	7.8%	8.1%	--	
Tier 1 risk based capital ratio	11.7%	12.2%	--	
Total risk based capital ratio	12.6%	13.3%	--	
Return on equity ¹	5.2%	10.9%	--	
Return on assets ¹	0.4%	0.9%	--	
Net interest margin ¹	2.9%	3.1%	--	
Coverage ratio ((ALL+Alloc transfer risk)/Noncurrent loans)	83.8%	64.6%	--	
Loss provision to net charge-offs (qtr)	234.4%	46.4%	--	
Net charge-offs to average loans and leases ¹	0.2%	1.0%	--	
¹ Quarterly, annualized.				
	Noncurrent Loans		Gross Charge-Offs	
Asset Quality (% of Total Loan Type)	2008	2009	2008	2009
<i>Construction & development</i>	4.4%	4.2%	0.0%	0.3%
<i>Closed-end 1-4 family residential</i>	0.7%	0.7%	0.0%	0.2%
<i>Home equity</i>	0.2%	0.0%	0.1%	0.1%
<i>Credit card</i>	0.0%	0.0%	0.0%	0.0%
<i>Other consumer</i>	0.2%	0.1%	0.3%	0.2%
<i>Commercial & Industrial</i>	0.2%	0.7%	0.2%	0.3%
<i>Commercial real estate</i>	0.3%	0.3%	0.0%	0.1%
<i>Total loans</i>	1.2%	1.7%	0.0%	0.2%