

HIGHLANDS STATE BANK

	CPP Disbursement Date 05/08/2009	Cert 58048	Number of Insured Depository Institutions 1	
Selected balance and off-balance sheet items	2008 \$ millions	2009 \$ millions	%chg from prev	
Assets	\$120	\$166	39.0%	
Loans	\$91	\$114	26.3%	
<i>Construction & development</i>	\$7	\$4	-40.1%	
<i>Closed-end 1-4 family residential</i>	\$20	\$22	10.6%	
<i>Home equity</i>	\$20	\$21	3.1%	
<i>Credit card</i>	\$0	\$0		
<i>Other consumer</i>	\$0	\$0	49.0%	
<i>Commercial & Industrial</i>	\$10	\$17	71.1%	
<i>Commercial real estate</i>	\$30	\$47	55.8%	
Unused commitments	\$26	\$35	36.2%	
Securitization outstanding principal	\$0	\$0		
Mortgage-backed securities (GSE and private issue)	\$4	\$7	92.0%	
Asset-backed securities	\$0	\$0		
Other securities	\$16	\$12	-22.9%	
Cash & balances due	\$3	\$28	918.2%	
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	\$107	\$150	40.2%	
Deposits	\$97	\$144	48.6%	
Total other borrowings	\$10	\$6	-37.0%	
FHLB advances	\$5	\$0	-100.0%	
Equity				
Equity capital at quarter end	\$12	\$16	28.9%	
Stock sales and transactions with parent holding company (cumulative through calendar year)	\$0	\$5	NA	
Performance Ratios				
Tier 1 leverage ratio	17.0%	9.2%	--	
Tier 1 risk based capital ratio	11.3%	11.7%	--	
Total risk based capital ratio	12.4%	12.8%	--	
Return on equity ¹	-15.9%	-18.3%	--	
Return on assets ¹	-1.8%	-1.7%	--	
Net interest margin ¹	2.4%	3.2%	--	
Coverage ratio ((ALL+Alloc transfer risk)/Noncurrent loans)	93.8%	31.1%	--	
Loss provision to net charge-offs (qtr)	631.4%	65.7%	--	
Net charge-offs to average loans and leases ¹	0.2%	5.4%	--	
¹ Quarterly, annualized.				
	Noncurrent Loans		Gross Charge-Offs	
Asset Quality (% of Total Loan Type)	2008	2009	2008	2009
<i>Construction & development</i>	0.0%	40.2%	0.0%	3.0%
<i>Closed-end 1-4 family residential</i>	0.0%	1.5%	0.1%	0.1%
<i>Home equity</i>	0.0%	0.0%	0.0%	0.0%
<i>Credit card</i>	0.0%	0.0%	0.0%	0.0%
<i>Other consumer</i>	0.0%	2.7%	0.0%	0.0%
<i>Commercial & Industrial</i>	12.4%	3.9%	0.3%	4.5%
<i>Commercial real estate</i>	0.0%	4.0%	0.0%	1.4%
<i>Total loans</i>	1.4%	4.0%	0.0%	1.4%