

Board of Governors of the Federal Reserve System



# Annual Report of Bank 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)). 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 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). 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 Bank Holding Companies* must be signed by one director of the top-tier bank holding company. This individual should also be a senior official of the top-tier bank holding company. In the event that the top-tier bank 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 bank holding company's fiscal year-end):  
**December 31, 2011**

Month / Day / Year

I, James H. Powell

Reporter's Name, Street, and Mailing Address  
Highland Financial Services, Inc.

Legal Title of Bank Holding Company

P.O. Box 2205

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

Marietta GA 30061-2205

City State Zip Code

3411 Ernest Barrett Parkway, Marietta, GA 30064

Physical location (if different from mailing address)

Person to whom questions about this report should be directed:

Beate F. Frank CFO

Name Title

678-569-4251

Area Code / Phone Number / Extension

678-569-4278

Area Code / FAX Number

beate.frank@highlandcommercialbank.com

E-mail Address

N/A

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

attest that the *Annual Report of Bank Holding Companies* (including the supporting attachments) for this report date have 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.

James H. Powell CFO

Signature of Bank Holding Company Director and Official

2-1-12 (aw)

Date of Signature

For bank 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 3527179  
 C.I. \_\_\_\_\_

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

## For Use By Tiered Bank Holding Companies

Top-tiered bank holding companies must list the names, mailing address, and physical locations of each of their subsidiary bank holding companies below.

Legal Title of Subsidiary Bank Holding Company

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

City State Zip Code

Physical location (if different from mailing address)

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City State Zip Code

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

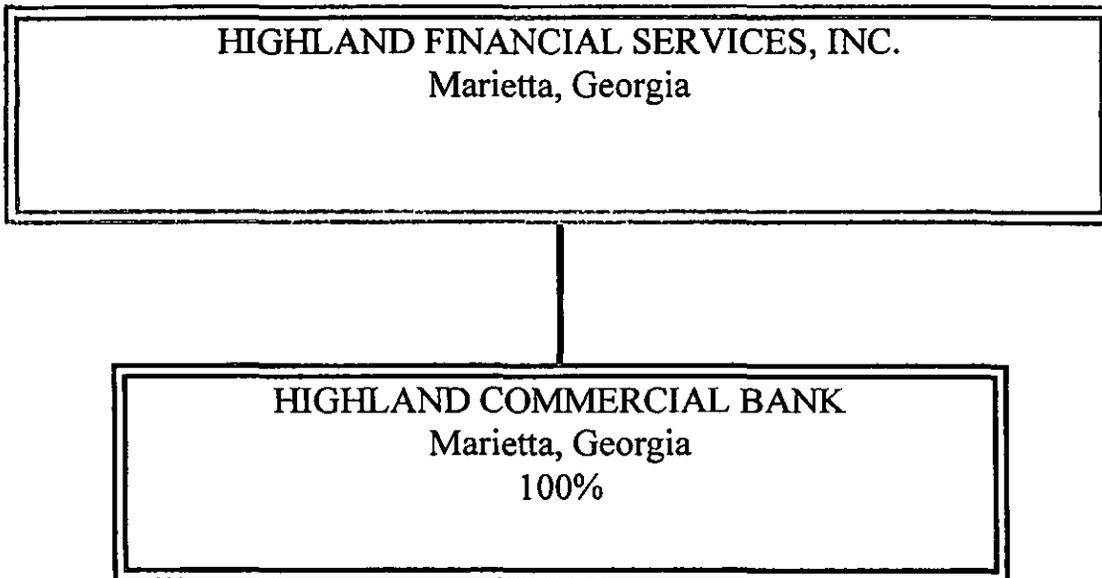
City State Zip Code

Physical location (if different from mailing address)

**HIGHLAND FINANCIAL SERVICES, INC.  
FR Y-6 REPORT  
As of 12/31/2011**

**Item 1: Annual Report to the Shareholders**  
To be sent under separate cover once complete.

**Item 2a: Organization Chart**



**Item 2b: Domestic Branch Listing**

Marietta Office – Main Office  
Opened August 30, 2004  
3411 Ernest Barrett Parkway  
Marietta, Georgia 30064  
Cobb County  
Full Service Branch

Smyrna Office  
Opened November 13, 2007  
1298 Concord Road  
Smyrna, Georgia 30080  
Cobb County  
Full Service Branch

**Item 3: Securities Holders**

(1)(a)(1)(b)(1)(c) List each securities holder, of record, that directly or indirectly owns, controls, or holds with power to vote 5 percent or more of any class of voting securities of the bank holding company as of the fiscal year end of the bank holding company.

James L. Coxwell Kennesaw, Georgia Citizenship – US	Common Stock Warrants	64,250 4.92% 16,718
James D. Dunn Powder Springs, Georgia Citizenship – US	Common Stock Warrants	59,826 4.58% 16,718
James H. Powell Marietta, Georgia Citizenship – US	Common Stock Warrants Options	60,425 4.62% 21,718 30,000 51.17%

**Item 3: Securities Holders**

(2)(a)(2)(b)(2)(c) Any securities holder not listed in section 3(1) above that owned or controlled 5 percent or more of any class of voting securities in the bank holding company during the fiscal year for which the report is being filed.

None

**Item 4: Insiders**

See Attached

**Highland Financial Services, Inc.**  
**Marietta, Georgia**  
**Fiscal Year Ending December 31, 2011**  
**Form FR Y-6**

**Report Item**

**4. Directors and Officers**

(1) Names & Addresses (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	(3)(c) Title & Position with Other Businesses listed in 4.c.	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries	(4)(c) List of names of other companies if 25% or more of voting securities are held.
Homer F. Anderson, III Kennesaw, Georgia USA	Retired	Director	Highland Commercial Bank Director	N/A	0.77%	N/A	N/A
James Lamar Coxwell, Sr. Kennesaw, Georgia USA	Entrepreneur	Director	Highland Commercial Bank Director	Owner Owner Secretary/Treasurer	4.92%	N/A	Jim Coxwell GMC, Inc. - 100% Socoper, Inc. - 100% WATCO, Inc. - 50%
James Daniel Dunn Powder Springs, Georgia USA	General Contractor	Director Vice-Chairman	Highland Commercial Bank Director Vice-Chairman	President Managing Partner	4.58%	N/A	Prime Contractors, Inc. - 100% Plumblin Products, LLC - 50%
Mark Gregson Griggs Kennesaw, Georgia USA	Banker	Director Secretary	Highland Commercial Bank Director President	N/A	3.18%	N/A	N/A
Thomas E. Hill Powder Springs, Georgia USA	Retired	Director Assistant Secretary	Highland Commercial Bank Director	N/A	2.35%	N/A	N/A
Robert Payne Koven Marietta, Georgia USA	Retired	Director	Highland Commercial Bank Director	N/A	2.31%	N/A	N/A
James Herbert Powell Marietta, Georgia USA	Banker	Director Chairman	Highland Commercial Bank Chairman of the Board Chief Executive Officer	N/A	4.62%	N/A	N/A
William Benjamin Witcher, Jr. Powder Springs, Georgia USA	Insurance	Director	Highland Commercial Bank Director	N/A	2.91%	N/A	N/A