

SECOND QUARTER REPORT 2007

SUMMARY BALANCE SHEET

As of June 30, 2007

(in thousands)

ASSETS

| | |
|--|------------------|
| Cash, due from banks | \$ 19,336 |
| Interest-earning deposits with banks | 1,209 |
| Federal funds sold | 44,480 |
| Investment securities available for sale at fair value | 40,341 |
| Loans less allowance (\$4,103) | 383,050 |
| Other assets | <u>16,295</u> |
| Total assets | \$504,711 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | |
|---------------------------|----------------|
| Demand deposits | \$127,529 |
| Interest-bearing deposits | <u>324,914</u> |
| Total deposits | 452,443 |
| Other borrowings | 18,701 |
| Other liabilities | <u>5,306</u> |
| Total liabilities | 476,450 |

SHAREHOLDERS' EQUITY

| | |
|---|------------------|
| Total shareholders' equity | <u>28,261</u> |
| Total liabilities and shareholders' equity | \$504,711 |

SUMMARY STATEMENT OF INCOME & EXPENSE

For the quarter and six months ended June 30, 2007

(in thousands except per share data)

| | <u>Quarter</u> | <u>Year-to-date</u> |
|---|----------------|---------------------|
| Interest income | \$ 7,917 | \$ 15,465 |
| Interest expense | <u>3,663</u> | <u>7,206</u> |
| Net interest income | 4,254 | 8,259 |
| Provision for loan losses | <u>211</u> | <u>422</u> |
| Net interest income after provision for loan losses | 4,043 | 7,837 |
| Noninterest income | 303 | 553 |
| Noninterest expenses | <u>2,937</u> | <u>5,841</u> |
| Net income before income taxes | 1,409 | 2,549 |
| Income tax expense | <u>563</u> | <u>995</u> |
| Net income | \$ 846 | \$ 1,554 |
| Earnings per diluted share | \$ 0.12 | \$ 0.21 |

SIGNIFICANT RATIOS

For the quarter ended June 30, 2007

| | |
|--|----------|
| Return on average assets | 0.74% |
| Return on average equity | 11.91% |
| Efficiency ratio | 64.55% |
| Nonperforming loans | \$97,920 |
| Ratio of allowance for loan losses to nonperforming and nonaccrual loans | 41.9x |
| Allowance for loan losses to loans | 1.06% |

The information as of and for the quarter and six months ended June 30, 2007, as presented is unaudited. This newsletter contains forward-looking statements. The actual results might differ materially from those projected in the forward-looking statements for various reasons, including our ability to manage growth, our limited operating history, substantial changes in financial markets, regulatory changes, changes in interest rates, loss of deposits and loan demand to other savings and financial institutions, and changes in real estate values and the real estate market. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements is contained in the company's sec filings, including its periodic reports under the securities exchange act of 1934, as amended, copies of which are available upon request from the company.