

FOURTH QUARTER REPORT 2007

SUMMARY BALANCE SHEET

As of December 31, 2007

(in thousands)

ASSETS

Cash, due from banks	\$ 11,425
Interest-earning deposits with banks	1,139
Federal funds sold	18,202
Investment securities available for sale at fair value	34,843
Loans less allowance (\$5,020)	464,208
Other assets	<u>17,703</u>
Total assets	\$547,520

LIABILITIES AND SHAREHOLDERS' EQUITY

Demand deposits	\$ 94,788
Interest-bearing deposits	<u>362,522</u>
Total deposits	457,310
Other borrowings	54,218
Other liabilities	<u>4,435</u>
Total liabilities	515,963

SHAREHOLDERS' EQUITY

Total shareholders' equity	<u>31,557</u>
Total liabilities and shareholders' equity	\$ 547,520

SUMMARY STATEMENT OF INCOME & EXPENSE

For the quarter and year ended December 31, 2007

(in thousands except per share data)

	<u>Quarter</u>	<u>Year-to-date</u>
Interest income	\$ 8,858	\$ 32,738
Interest expense	<u>4,300</u>	<u>15,439</u>
Net interest income	4,558	17,299
Provision for loan losses	<u>662</u>	<u>1,339</u>
Net interest income after provision for loan losses	3,896	15,960
Noninterest income	275	1,121
Noninterest expenses	<u>3,176</u>	<u>12,033</u>
Net income before income taxes	995	5,048
Income tax expense	<u>385</u>	<u>1,953</u>
Net income	\$ 610	\$ 3,095
Earnings per diluted share	\$ 0.08	\$ 0.42

SIGNIFICANT RATIOS

For the quarter and year ended December 31, 2007

Return on average assets	0.47%	0.65%
Return on average equity	7.75%	10.59%
Efficiency ratio	65.71%	65.33%
Nonperforming loans		\$ 3,103
Ratio of allowance for loan losses to nonperforming and nonaccrual loans		1.62x
Allowance for loan losses to loans		1.07%

The information as of and for the quarter and year ended December 31, 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.