

FIRST QUARTER REPORT 2007

SUMMARY BALANCE SHEET

As of March 31, 2007

(in thousands)

ASSETS

Cash, due from banks.....	\$ 15,134
Interest-earning deposits with banks	1,545
Federal funds sold	48,056
Investment securities available for sale at fair value	39,009
Loans less allowance (\$3,894).....	361,752
Other assets.....	<u>14,106</u>
Total assets.....	\$ 479,602

LIABILITIES AND SHAREHOLDERS' EQUITY

Demand deposits	\$ 114,077
Interest-bearing deposits.....	<u>312,099</u>
Total deposits.....	426,176
Other borrowings	20,256
Other liabilities	<u>5,488</u>
Total liabilities	451,920

SHAREHOLDERS' EQUITY

Total shareholders' equity	<u>27,682</u>
Total liabilities and shareholders' equity.....	\$ 479,602

SUMMARY STATEMENT OF INCOME & EXPENSE

For the quarter ended March 31, 2007

(in thousands except per share data)

	<i>Quarter</i>
Interest income.....	\$ 7,548
Interest expense.....	<u>3,544</u>
Net interest income	4,004
Provision for loan losses.....	<u>211</u>
Net interest income after provision for loan losses.....	3,793
Noninterest income	250
Noninterest expenses	<u>2,904</u>
Net income before income taxes.....	1,139
Income tax expense	<u>432</u>
Net Income.....	\$ 707
Earnings per diluted share	\$ 0.15

SIGNIFICANT RATIOS

For the quarter ended March 31, 2007

Return on average assets	0.65%
Return on average equity	10.87%
Efficiency ratio	68.29%
Nonperforming loans.....	\$98
Ratio of allowance for loan losses to nonperforming and nonaccrual loans	39.73x
Allowance for loan losses to loans	1.07%

The information as of and for the quarter ended March 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.