

# THIRD QUARTER REPORT 2007

## SUMMARY BALANCE SHEET

*As of September 30, 2007*  
(in thousands)

### ASSETS

Cash, due from banks	\$ 9,931
Interest-earning deposits with banks	1,123
Federal funds sold	15,533
Investment securities available for sale at fair value	37,950
Loans less allowance (\$4,358)	408,535
Other assets	<u>17,053</u>
<b>Total assets</b>	<b>\$490,125</b>

### LIABILITIES AND SHAREHOLDERS' EQUITY

Demand deposits	\$ 95,206
Interest-bearing deposits	<u>339,048</u>
Total deposits	434,254
Other borrowings	19,569
Other liabilities	<u>5,983</u>
Total liabilities	459,806

### SHAREHOLDERS' EQUITY

Total shareholders' equity	<u>30,319</u>
<b>Total liabilities and shareholders' equity</b>	<b>\$409,125</b>

## SUMMARY STATEMENT OF INCOME & EXPENSE

*For the quarter and nine months ended September 30, 2007*  
(in thousands except per share data)

	<u>Quarter</u>	<u>Year-to-date</u>
Interest income	\$ 8,415	\$ 23,880
Interest expense	<u>3,933</u>	<u>11,139</u>
Net interest income	4,482	12,741
Provision for loan losses	<u>255</u>	<u>677</u>
Net interest income after provision for loan losses	4,227	12,064
Noninterest income	293	846
Noninterest expenses	<u>3,015</u>	<u>8,856</u>
Net income before income taxes	1,505	4,054
Income tax expense	<u>573</u>	<u>1,568</u>
<b>Net income</b>	<b>\$ 932</b>	<b>\$ 2,486</b>
<b>Earnings per diluted share</b>	<b>\$ 0.13</b>	<b>\$ 0.34</b>

## SIGNIFICANT RATIOS

*For the quarter ended September 30, 2007*

Return on average assets	0.78%
Return on average equity	12.60%
Efficiency ratio	63.21%
Nonperforming loans	\$141
Ratio of allowance for loan losses to nonperforming and nonaccrual loans	30.91x
Allowance for loan losses to loans	1.06%

*The information as of and for the quarter and nine months ended September 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.*