

OLD HARBOR BANK

Clearwater, Florida

FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share figures)

July 17, 2006

Dear Shareholder,

On July 17, 2006, we completed our current offering of common stock. We were able to sell 558,778 shares at \$17 per share and after expenses of the offering; we added approximately \$9 million to our capital accounts. This additional capital will increase our lending capacity and support continuing growth.

As of July 14, 2006, Old Harbor Bank has been in existence for three years. During that time period, we have grown to \$148 million in assets with four offices located in Pinellas and Pasco Counties (our fifth office, in Belleair Bluffs, will open any day now). These results are attributable to the dedication, commitment and hard work of our directors, officers and employees and as a team we applaud their accomplishments.

We posted a net operating loss for the quarter of \$85,000 bringing our year-to-date loss to \$177,000 which was slightly better than our budgeted loss of \$188,000. Like other banks, we are challenged with maintaining our interest margins because of the flat to inverted yield curve.

During the second quarter of 2006, net loans increased by \$11 million bringing the total to \$109 million. Deposits decreased by \$1 million to \$116 million. To fund our loan growth, we utilized short term borrowings which increased by \$13 million. As mentioned above, total assets now stand at \$148 million, an \$11 million increase.

We thank you for your support and encouragement over the past three years.

Sincerely,



Barry K. Miller
Chairman
Chief Executive Officer

	At	
	June 30, 2006	June 30, 2005
Total assets	\$ 148,263	107,975
Loans, net	\$ 109,060	77,304
Deposits	\$ 116,150	88,699
Stockholders' equity	\$ 13,610	14,013
Book value per share	9.53	9.81
Number of common shares outstanding	1,428,800	1,428,800
	Three Months Ended 6/30/2006	Three Months Ended 6/30/2005
Interest income	\$ 2,288	1,421
Interest expense	<u>1,170</u>	<u>556</u>
Net interest income	1,118	865
Provision for loan losses	<u>146</u>	<u>149</u>
Net interest income after provision	972	716
Noninterest income	52	25
Noninterest expense	<u>1,156</u>	<u>724</u>
Earnings (loss) before income taxes	(132)	17
Income tax expense (benefit)	<u>(47)</u>	<u>7</u>
Net earnings (loss)	\$ <u>(85)</u>	10
Per Share	\$ <u>(.06)</u>	<u>.01</u>
	Six Months Ended 6/30/2006	Six Months Ended 6/30/2005
Interest income	\$ 4,251	2,572
Interest expense	<u>2,068</u>	<u>1,001</u>
Net interest income	2,183	1,571
Provision for loan losses	<u>295</u>	<u>340</u>
Net interest income after provision	1,888	1,231
Noninterest income	100	40
Noninterest expense	<u>2,262</u>	<u>1,384</u>
Earnings (loss) before income taxes	(274)	(113)
Income tax expense (benefit)	<u>(97)</u>	<u>(41)</u>
Net earnings (loss)	<u>(177)</u>	<u>(72)</u>
Per Share	<u>(.12)</u>	<u>(.05)</u>