

July 8, 2005

Dear Shareholder,

As you read this letter, Old Harbor Bank has just completed its second full year of business. Since July 14, 2003 the Bank has –

- Grown assets to \$108 million, loans to \$77 million and deposits to \$89 million.
- Opened new Pinellas County offices in Dunedin and Palm Harbor.
- Raised an additional \$7.8 million in capital (in an over-subscribed offering) to support the Bank's strong growth.
- Assembled an excellent staff of bankers who will lead the bank into the future.

We are pleased with what we have accomplished to date and excited about our prospects going forward.

On July 5 we opened our Palm Harbor Office. Laura Pesci, who has banked the upper Pinellas County market for over 20 years, manages this office. We are expecting big things from this office under Laura's leadership. The opening of our Trinity Office in Pasco County has been delayed and is now targeted for late third quarter of this year. We are currently in discussions concerning a site for an office in west-central Pinellas County and are also looking for another Pasco County location.

For the three months ended June 30, 2005, the Bank posted its first ever quarterly profit in the amount of \$10,000 which was a significant accomplishment considering that the budget provided for a loss of \$94,000. During the second quarter we grew assets by \$12 million, loans by \$12 million and deposits by \$8 million.

Thank you for your continued support and remember that your referrals of business are highly encouraged and welcomed.

Sincerely,

Barry K. Miller  
Chairman and President

**OLD HARBOR BANK**  
Clearwater, Florida  
**FINANCIAL HIGHLIGHTS**  
(Dollars in thousands, except per share figures)  
(Unaudited)

	At	
	June 30, 2005	June 30, 2004
Total assets	\$ 107,975	55,402
Loans, net	\$ 77,304	30,818
Deposits	\$ 88,699	48,635
Stockholders' equity	\$ 14,013	6,732
Book value per share	\$ 9.81	8.65
Number of common shares outstanding	1,428,800	778,400
	Three Months Ended 6/30/2005	Three Months Ended 6/30/2004
Interest income	\$ 1,421	482
Interest expense	<u>556</u>	<u>183</u>
Net interest income	865	299
Provision for loan losses	<u>149</u>	<u>88</u>
Net interest income after provision	716	211
Noninterest income	25	8
Noninterest expense	<u>724</u>	<u>356</u>
Earnings (loss) before income taxes	17	(137)
Income tax expense (benefit)	<u>7</u>	<u>(51)</u>
Net earnings (loss)	\$ <u>10</u>	<u>(86)</u>
	Six Months Ended 6/30/2005	Six Months Ended 6/30/2004
Interest income	\$ 2,572	828
Interest expense	<u>1,001</u>	<u>293</u>
Net interest income	1,571	535
Provision for loan losses	<u>340</u>	<u>192</u>
Net interest income after provision	1,231	343
Noninterest income	40	17
Noninterest expense	<u>1,384</u>	<u>678</u>
Earnings (loss) before income taxes	(113)	(318)
Income tax expense (benefit)	<u>(41)</u>	<u>(119)</u>
Net earnings (loss)	\$ <u>72</u>	<u>(199)</u>