



September, 2010

Dear Shareholder,

Your Bank has continued its financial recovery with its third consecutive profitable quarter.

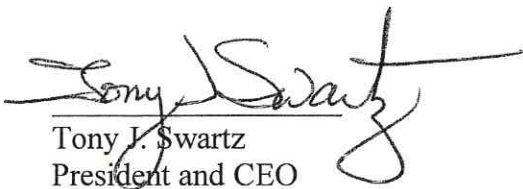
Net income was \$112,000 for the quarter and \$345,000 year to date. Cumulative earnings through September 30, 2010 represent an improvement of \$2,230,000 over the prior year. Driving this enhanced earnings posture has been an increasing net interest spread, the ability to reduce loan loss reserve provision expense thru improved asset quality and a significant reduction in non-interest expenses.

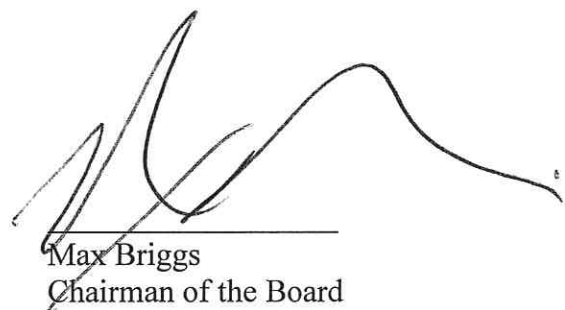
The Bank will enter the fourth quarter with improved loan quality, a sufficient loan loss reserve, liquidity, continued overhead efficiency and an increasing net interest spread. The loans outstanding are beginning to increase as evidenced by the rise in the loan to deposit ratio to 90.5%. In essence, the Bank is positioned for balanced and consistent growth.

The Advisory Board members have been invaluable to our organization as they continue to bring significant customer referrals. As the cooler months approach, this activity is expected to increase.

Your loyalty and patience during the Bank's turn around, especially in this economic climate, has been greatly appreciated.

Very Best Regards,


Tony J. Swartz
President and CEO


Max Briggs
Chairman of the Board