

April 5, 2005

Dear Shareholder,

The year has gotten off to a good start with extremely strong loan demand coupled with excellent growth at our new Dunedin Community Office. We closed \$23 million in loans during the quarter which resulted in a \$15 million increase in net loan outstandings to \$66 million. The current loan pipeline is healthy pointing to a strong second quarter. Our Dunedin Office ended the quarter with \$11 million in deposits which was more than three times as much as anticipated. Total bank deposits at March 31 were \$80.3 million.

Renovations at our Palm Harbor Community Office on U.S. Highway 19 are underway and we are looking at a June opening. The identity of the manager for this office will be announced in the near future. Our Trinity office in Pasco County should open shortly thereafter. We are excited to report that we were able to hire Jack Smith to manage this office. Jack has in excess of 30 years experience in the area much of it in Pasco County. We are investigating additional locations for offices to be opened in 2006.

Net earnings, before the Provisions for Loan Losses and Income Taxes, for the quarter was \$61,000 which was \$85,000 better than budget and a \$138,000 improvement over the results for the first quarter of 2004. However, due to the strong increase in loan outstandings discussed above, the Provision for Loan Losses of \$191,000 was \$117,000 larger than budgeted and \$87,000 greater than the year earlier Provision.

Please remember to keep us in mind for any banking services that you may need.

## OLD HARBOR BANK

Clearwater, Florida

### FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share figures)

(Unaudited)

	At	
	March 31, 2005	March 31, 2004
Total assets	\$ 95,680	37,728
Loans, net	\$ 65,482	23,876
Deposits	\$ 80,329	30,737
Stockholders' equity	\$ 13,862	6,972
Book value per share	\$ 9.70	8.96
Number of common shares outstanding	1,428,800	778,400
	Three Months Ended 3/31/2005	Three Months Ended 3/31/2004
Interest income	\$ 1,151	346
Interest expense	<u>445</u>	<u>110</u>
Net interest income	706	236
Provision for loan losses	<u>191</u>	<u>104</u>
Net interest income after provision	515	132
Noninterest income	15	9
Noninterest expense	<u>660</u>	<u>322</u>
Earnings (loss) before income taxes	(130)	(181)
Income tax expense (benefit)	<u>(48)</u>	<u>(68)</u>
Net earnings (loss)	\$ <u>(82)</u>	<u>(113)</u>