

CLEARWATER, Fla. October 10, 2007

Dear Shareholder,

During the third quarter of 2007 the Bank continued to show earnings improvement over the prior year. For the quarter net earnings of \$130,000 was a \$102,000 improvement over the \$28,000 third quarter earnings in 2006. Year to date 2007 earnings of \$316,000 was a \$465,000 improvement over the \$149,000 loss in 2006.

Net outstanding loans grew by \$12 million for the quarter from \$154 million to \$166 million. For the twelve month period ending September 30, 2007 loans have grown a strong 41%. For the quarter total deposits increased from \$162 million to \$181 million. Total assets at quarter end were \$211 million compared to \$198 million at prior quarter end.

Over the past few months there have been many media reports concerning "subprime" loans and the adverse impact of these loans for both the borrowers and lenders. We want to report to you that our Bank has never been involved in subprime lending and has no exposure in that area. Nonperforming assets at quarter end were \$2.9 million.

We are pleased to report that our sixth Community Office on Little Road in New Port Richey, Pasco County will open in December or January. Our plans to open an office at this location were first reported to you in our October 2005 letter to shareholders. Delays in receiving site plan and building permit approvals were primarily responsible for the considerable time it has taken to get this office open.

Sincerely,  
Barry K. Miller  
Chairman

Chief Executive Officer  
William W. Short  
President  
Chief Operating Officer

		OLD HARBOR BANK	
		Clearwater, Florida	
		FINANCIAL HIGHLIGHTS	
		(Dollars in thousands, except per share figures)	
		At	
		September 30,	September 30,
		2007	2006
Total assets	\$	211,386	159,074
Loans, net	\$	165,803	117,361
Deposits	\$	180,875	128,848
Stockholders' equity	\$	23,365	22,918
Book value per share	\$	11.75	11.53
Number of common shares outstanding		1,989,224	1,987,578
		Three Months Ended	Three Months Ended
		9/30/2007	9/30/2006
Interest income	\$	3,700	2,657
Interest expense		2,121	1,416
Net interest income		1,579	1,241
Provision for loan losses		144	102
Net interest income after provision		1,435	1,139
Noninterest income		72	82
Noninterest expense		1,292	1,170
Earnings before income taxes		215	51
Income tax expense		85	23
Net earnings	\$	130	28
Per Share	\$	.07	.01
		Nine Months Ended	Nine Months Ended
		9/30/2007	9/30/2006
Interest income	\$	10,497	6,908
Interest expense		5,975	3,484
Net interest income		4,522	3,424
Provision for loan losses		435	397
Net interest income after provision		4,087	3,027
Noninterest income		192	182
Noninterest expense		3,749	3,432
Earnings (loss) before income taxes		530	(223)
Income tax expense (benefit)		214	(74)
Net earnings (loss)	\$	316	(149)
Per Share	\$	.16	(.07)