

April 16, 2008

Dear Shareholder,

During the first quarter of 2008, the Bank experienced significant asset growth due to a heavy inflow of time deposits. Total deposits at quarter end were \$210.2 million, a \$29.2 million increase for the quarter and time deposits increased by \$29.7 million during the period. The deposit growth was used to fund loans and investments, repay borrowings and enhance liquidity. Total assets at March 31, 2008 were \$240.6 million, a \$23.9 million increase for the quarter.

The Bank recorded a net loss for the quarter of \$464,000 compared to earnings of \$37,000 in the comparable year-ago period. The net loss was attributed to three major components; a narrowing of the Bank's net interest margin due to the rapid decrease in the Prime Rate, loans that became significantly delinquent and stopped accruing interest during the quarter and an increased provision against possible loan losses.

Due to the challenging economic conditions, some of the Bank's borrowers are experiencing difficulties resulting in the Bank's non-performing assets increasing to \$14.7 million at quarter-end. The Bank will aggressively pursue these to resolution. Management remains committed to the overall strategy of growing assets, loans and deposits.

Sincerely,



Gregory A. Mohr
Chairman



William W. Short
President
Chief Executive Officer

OLD HARBOR BANK

Clearwater, Florida

FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share figures)
(Unaudited)

	At	
	March 31, 2008	March 31, 2007
Total assets	\$ 240,564	196,284
Loans, net	\$ 177,220	144,778
Deposits	\$ 210,171	172,250
Stockholders' equity	\$ 23,272	23,096
Book value per share	\$ 11.70	11.61
Number of common shares outstanding	1,989,224	1,989,224

	Three Months Ended 3/31/2008	Three Months Ended 3/31/2007
Interest income	\$ 3,314	3,289
Interest expense	<u>2,113</u>	<u>1,908</u>
Net interest income	1,201	1,381
Provision for loan losses	<u>474</u>	<u>172</u>
Net interest income after provision	727	1,209
Noninterest income	85	51
Noninterest expense	<u>1,547</u>	<u>1,193</u>
Earnings (loss) before income taxes	(735)	67
Income tax expense (benefit)	<u>(271)</u>	<u>30</u>
Net earnings (loss)	\$ <u>(464)</u>	<u>37</u>
Per Share	\$ <u>(.23)</u>	<u>.02</u>