

January 27, 2010

FOR IMMEDIATE RELEASE

**AMERICAN PRINCIPLE BANK ANNOUNCES:
FOURTH QUARTER AND FULL YEAR 2009 FINANCIAL RESULTS;
TOTAL ASSETS EXCEED \$200 MILLION;
APPOINTMENT OF NEW DIRECTOR;
UPCOMING OPENING OF A BRANCH IN SANTA MARIA**

San Luis Obispo, CA. January 27, 2010. American Principle Bank (OTC Bulletin Board: APBA) (the "Bank") today announced fourth quarter and year to date financial results through December 31, 2009. The Bank reported net income of \$241 thousand during the fourth quarter of 2009, equivalent to \$0.06 diluted earnings per share. This compares favorably to the loss of \$151 thousand, equivalent to (\$0.04) per diluted share, for the fourth quarter of 2008.

For the full year 2009, the Bank incurred a net loss of \$1.7 million, equivalent to \$(0.40) per diluted share. This compares to full year 2008 results of a net loss of \$1.2 million, equivalent to (\$0.27) per diluted share. The Bank was profitable during three of the four quarters of 2009, with the loss for the year primarily resulting from the financial deterioration and associated charge-offs for a single credit relationship.

The Bank reported record levels of total assets, net loans, and deposits as of December 31, 2009. Total assets at December 31, 2009 were \$203.0 million, increasing from \$158.8 million at December 31, 2008. Net loans rose from \$114.9 million at December 31, 2008 to \$137.4 million at December 31, 2009. Total deposits increased from \$112.1 million at December 31, 2008 to \$152.3 million at December 31, 2009. The Bank was therefore successful in attaining over \$200 million in total assets after just two years of operation. The Bank opened for business on October 15, 2007.

At December 31, 2009, the Bank's: (i) Tier One Leverage regulatory capital ratio was 20.32%; (ii) Tier One Risk-Based regulatory capital ratio was 25.69%; and (iii) Total Risk-Based regulatory capital ratio was 26.94%. All of these ratios were significantly in excess of the levels required to be categorized in the highest regulatory capital classification of "well capitalized". These very strong regulatory capital ratios leave the Bank well positioned for future growth.

At December 31, 2009, the Bank had: (i) no loans that were 30 or more days delinquent other than those loans on non-accrual status; and (ii) no foreclosed real estate or repossessed assets. The ratio of allowance for loan losses to loans outstanding increased from 1.41% at December 31, 2008 to 1.78% at December 31, 2009. The ratio of allowance for loan losses to loans outstanding decreased from 3.51% at September 30, 2009 primarily due to the charge-off of specific reserves established during the third quarter of 2009.

The Bank is pleased to announce that, following the recent receipt of all required regulatory approvals, Paul S. Viborg is joining the Board of Directors in February 2010. Mr. Viborg is a lifelong resident of the Central Coast, a graduate of California Polytechnic State University in San Luis Obispo, and the President and Chief Executive Officer of Viborg Sand & Gravel, Inc. The Viborg family has lived in San Luis Obispo County for generations. Mr. Viborg has been active in a wide range of north San Luis Obispo County community organizations for many years, including the Boy Scouts of America and the Mid-State Fair Heritage Foundation. Mr. Viborg has also actively participated in the Bank's Shareholders Advisory Circle for two years. Commenting upon Mr. Viborg's appointment to the Board of Directors, Eric J. Schwefler, Chairman of the Board, stated: "We look forward to Paul's serving on the Board and his contributing to the Bank's growing portfolio of business in north San Luis Obispo County, which integrates well with our plans for a future branch office in Paso Robles."

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Net loans rose from \$114.9 million at December 31, 2008 to \$137.4 million at December 31, 2009, with most of the growth in income property loans. The Bank has not pursued new land or construction lending for many months in recognition of the current status of the real estate market, where existing inventory is in many cases selling for less than replacement cost. Construction and land loans declined from 15.4% of gross loans held for investment at December 31, 2008 to 13.0% at December 31, 2009. At December 31, 2009, the Bank had no residential mortgages on its balance sheet. The Bank has never originated “sub-prime”, “Alt-A”, or similar residential mortgages.

Loans on non-accrual status as of December 31, 2009 totaled \$6.6 million. The Bank had no other impaired loans as of December 31, 2009. Of the \$6.6 million total, \$3.2 million was transferred to other real estate owned and other assets owned in early 2010 in conjunction with the Bank’s foreclosure of the subject collateral, a motel. At this time, the Bank is actively marketing the motel for sale through a real estate broker specializing in the hospitality industry while at the same time continuing the motel’s daily operation with the assistance of a motel management firm.

\$3.0 million of the non-accrual loan total at December 31, 2009 was comprised of a single loan secured by three contiguous real estate parcels in the Bank’s primary market area. This loan was adversely impacted by the incorrect recording of the real estate by the title company. The Bank has filed a claim under the subject title insurance policy and has also filed a lawsuit against the title company seeking to enforce their performance under the title insurance policy. The Bank intends to continue to vigorously pursue the title company to fully rectify the error or hold the Bank financially harmless from the result of the error.

In recent periods, the interest rate paid on excess balances at the Federal Reserve has exceeded that available to the Bank through the federal funds market. As a result, federal funds sold decreased from \$2.7 million at December 31, 2008 to none at December 31, 2009; and interest bearing deposits in other financial institutions, including the Federal Reserve, rose from \$104 thousand at December 31, 2008 to \$2.4 million at December 31, 2009.

Total securities available for sale increased from \$35.0 million at December 31, 2008 to \$56.0 million at December 31, 2009. Funds inflows from the rise in the deposit portfolio during 2009 that were not invested into loans were primarily deployed into floating rate or hybrid government agency mortgage backed securities. All of the Bank’s securities at December 31, 2009 were AAA rated, government agency securities. The aggregate fair value of the Bank’s \$56.0 million in securities at December 31, 2009 exceeded historical cost by \$748 thousand.

The Bank’s investment in the capital stock of the Federal Home Loan Bank (“FHLB”) increased from \$179 thousand at December 31, 2008 to \$757 thousand at December 31, 2009 due to the standard asset-based investment requirement applicable to FHLB members.

Other assets increased from \$245 thousand at December 31, 2008 to \$1.8 million at December 31, 2009 due in large part to the three years of prepaid deposit insurance premiums required by the FDIC at the end of 2009 in conjunction with its replenishment of the Deposit Insurance Fund.

Total deposits increased from \$112.1 million at December 31, 2008 to a record \$152.3 million at December 31, 2009. Non-interest bearing demand deposits increased 83.4% during 2009, as more business and professional clients transferred their operating accounts to the Bank in order to benefit from the Bank's advanced technology, customizable operating platform, and online deposit (merchant capture) check scanning service. The Bank's participation in the FDIC Transaction Account Guarantee Program also facilitated increased checking deposits. Under that Program, all of Bank's checking account deposits receive unlimited FDIC insurance through June 30, 2010, in addition to the general deposit insurance furnished by the FDIC.

Money market deposits increased from \$61.5 million at December 31, 2008 to \$74.9 million at December 31, 2009. The Bank offers a wide range of money market deposit accounts, including one for public funds, which have benefited from reduced competition from money market mutual funds and brokerage firms due to the current capital markets environment. In addition, the Bank's professional clients, including many physicians, attorneys, and accountants, have been pleased with the flexible sweep features and online banking functionality associated with the Bank's money market deposit products.

Certificates of deposit increased from \$36.7 million at December 31, 2008 to \$55.5 million at December 31, 2009. Factors contributing to this rise included: (i) clients' pursuing certificates of deposit for safety and for enhanced interest income in the present historically low interest rate environment; (ii) increased "public funds" deposits from cities, counties, and other municipal entities; and (iii) an increase in deposits from financial institutions seeking a higher return than the current 0.00% to 0.25% target rate for overnight federal funds.

Commenting on the Bank's strong deposit inflows, Thomas R. Strait, the Bank's Director of Retail Banking, stated: "The Bank's superior cash management services continue to attract a wide range of business and professional clients. Our providing remote wire request, direct client ACH origination, positive payment, funds transfer and sweep, and the ability for commercial clients to make deposits at their place of business or at correspondent bank branches has often allowed us to improve the efficiency and income of our clients."

The Bank's liquidity position benefited from the ongoing deposit inflows during the fourth quarter of 2009. In addition, as of December 31, 2009, the Bank had access to substantial off balance sheet liquidity, including funding available from the FHLB, correspondent banks, and the Federal Reserve Bank of San Francisco. Moreover, at December 31, 2009, the Bank maintained a significant balance of securities available for sale or for utilization in secured borrowings to provide future liquidity.

Shareholders' equity decreased from \$40.1 million at December 31, 2008 to \$39.2 million at December 31, 2009. The impact of the \$1.7 million year-to-date net loss was partially offset by capital generated through the Bank's Restricted Share Plan and an increase in the accumulated other comprehensive income associated with the unrealized gain on securities available for sale. Nominal and tangible book values were \$9.15 per share at December 31, 2009 versus \$9.44 per share at December 31, 2008.

Shares of common stock outstanding rose by 26,883 during 2009 in conjunction with the vesting of awards under the Restricted Share Plan. The Bank grants restricted share awards to employees as a means of encouraging an ownership orientation and aligning employee interests with the generation of shareholder value. In addition, during March 2009, the Board of Directors issued initial restricted share awards to outside directors. These awards vest after one year, and are the first remuneration of any type paid to outside directors since the Bank's organization. The initial restricted share awards for outside directors were the primary factor which caused director expenses to increase from \$4 thousand during 2008 to \$133 thousand during 2009.

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Net interest income before the provision for loan losses during the fourth quarter of 2009 totaled \$1.8 million, up from \$1.6 million during the immediately preceding quarter due to an increase in both the Bank's average spread on total assets and the Bank's average balance sheet. This 12.2% rise in quarter to quarter net interest income was also supported by the Bank's accessing low cost borrowings available from the FHLB and a reduction in the weighted average cost of deposits from 1.52% during the third quarter of 2009 to 1.42% during the fourth quarter of 2009.

The \$1.8 million in net interest income before the provision for loan losses during the fourth quarter of 2009 significantly exceeded the \$1.4 million generated during the fourth quarter of 2008, when the Bank maintained a much smaller average balance sheet. For all of 2009, net interest income before the provision for loan losses totaled \$6.6 million, 60.7% higher than during 2008. The Bank presented a much larger and more developed average balance sheet during 2009 when compared to 2008, which was relatively soon after the Bank opened for business.

Provision for loan losses was \$299 thousand during the fourth quarter of 2009, versus \$493 thousand during the fourth quarter of 2008. The \$299 thousand recorded during the fourth quarter of 2009 declined significantly from the \$2.6 million provision for loan losses during the third quarter of 2009 due to the prior quarter's level being elevated by the need to establish specific reserves associated with a troubled large borrower and affiliated entities. Provision for loan losses for 2009 totaled \$3.5 million, versus \$1.5 million for 2008. This increase was primarily associated with this large borrower and affiliated entities. \$2.5 million of the Bank's \$2.6 million in charge-offs during 2009 were related to the same borrower and affiliated entities. The Bank intends to vigorously pursue the borrower, the general partners, and the guarantors for collection.

Non-interest income totaled \$78 thousand and \$138 thousand during the three and twelve months ended December 31, 2009, respectively, up significantly from the \$14 thousand and \$51 thousand generated during the three and twelve months ended December 31, 2008, respectively. During the fourth quarter of 2009, the Bank realized a gain of \$47 thousand on the sale of one security. In addition, non-interest income during 2009 benefitted from a larger number of deposit accounts, increased loan servicing income, and a revised fee and service charge schedule that was implemented effective June 1, 2009.

Non-interest expense increased from \$1.1 million during the fourth quarter of 2008 to \$1.3 million during the fourth quarter of 2009. Non-interest expense during the third quarter of 2009, the immediately preceding quarter, was \$1.3 million. Non-interest expense rose from \$3.8 million during 2008 to \$5.0 million during 2009.

Compensation and employee benefits expense increased from \$565 thousand during the fourth quarter of 2008 to \$601 thousand during the fourth quarter of 2009; and from \$2.0 million during 2008 to \$2.4 million during 2009. Compensation and employee benefits expense during the third quarter of 2009, the immediately preceding quarter, was \$600 thousand. While the Bank did not grant base salary increases to executive officers in 2009, raises were provided to other employees. Commencing during the second quarter of 2009, the Bank paid for an additional executive officer position. This additional compensation expense ceased effective January 1, 2010. The Bank paid a total of \$45 thousand in severance expense during the second and third quarters of 2009 in conjunction with the elimination of one position, versus none in 2008. In addition, capitalized direct loan origination expenses, which reduce reported compensation and benefits expense, were \$73 thousand lower during 2009 versus 2008. In response to the loss reported during the third quarter of 2009, the Board of Directors eliminated the 2009 bonus pool for all but lower level employees.

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During January 2010, the Bank hired two additional employees to support the expanding volume of business being served. The Bank is currently recruiting for an additional Relationship Manager to assist local businesses and professionals with their depository, cash management, and credit needs.

Regulatory fees and assessments increased from \$26 thousand during fourth quarter of 2008 to \$77 thousand during the fourth quarter of 2009, and from \$62 thousand during 2008 to \$314 thousand during 2009. Factors contributing to these increases included: (i) \$67 thousand for the FDIC Special Assessment during the second quarter of 2009; (ii) the FDIC's implementation of higher base insurance rates effective April 1, 2009; (iii) the growth in the Bank's deposit portfolio; (iv) greater California State banking assessments arising from the Bank's larger balance sheet; and (v) the Bank's participation in the FDIC's Transaction Account Guarantee Program, whereby checking accounts receive unlimited FDIC insurance coverage in exchange for the payment of additional FDIC insurance premiums.

Accounting, legal, and consulting expenses totaled \$215 thousand during the fourth quarter of 2009, up substantially from \$99 thousand during the fourth quarter of 2008. For all of 2009, these expenses totaled \$656 thousand, up from \$419 thousand during 2008. During the third and fourth quarter of 2009, the Bank incurred consulting expenses associated with Mark Crawford's performing many of the duties of the Chief Credit Officer position prior to the receipt of final regulatory approvals and his hire as an executive officer in late December 2009. Also during the third and fourth quarter of 2009, the Bank incurred a notably higher level of legal costs associated with the collection of the loans associated with a large, troubled borrower. Other factors contributing to the increase in accounting, legal, and consulting costs for 2009 compared to 2008 included: (i) higher internal audit expenses associated with an enhanced internal audit program now that the Bank is more seasoned and has developed a more complex balance sheet and product set; (ii) greater expenses for attestation audit services associated with the Bank's increased balance sheet size; and (iii) increased legal fees related to compliance matters, primarily associated with the Bank's development of new products and enhanced services and the multiple recent changes in consumer protection regulations.

In regards to the previously disclosed lawsuit alleging trademark infringement associated with the name of the Bank, a tentative settlement has been developed with the plaintiff. This settlement recently received approval from the Bank's regulators. Under the terms of the proposed settlement, the Bank will change its name within a suitable time period in exchange for the plaintiff and the Bank's general liability insurance carrier agreeing to defray a significant part of the costs associated with the name change. The Bank has reserved a successor name with the applicable government agencies. Should settlement be finalized, shareholders will be requested to approve the new name and related actions at the 2010 Annual Meeting of Shareholders.

The Board of Directors has established Tuesday, May 25, 2010 as the date for the 2010 Annual Meeting of Shareholders. Shareholders of record as of the close of business on March 31, 2010 will be entitled to attend and vote at the 2010 Annual Meeting. The 2010 Annual Meeting will be held commencing at 6:30 PM Pacific Time at the Madonna Inn in San Luis Obispo. Shareholders are welcome to arrive beginning at 5:30 PM for an opportunity to meet with the Bank's directors and employees.

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The Bank continues to progress towards opening its Santa Maria office, located at 2646 Santa Maria Way, Suite 101, near the intersection of Santa Maria Way and Broadway in south Santa Maria. All regulatory approvals have been obtained and the lease for the site has been executed. The Bank is currently awaiting issuance of a tenant improvement building permit from the City of Santa Maria in order to commence the build-out of the branch space. The 3,500 square foot site will echo the key attributes of the San Luis Obispo office: a focus on client comfort and confidentiality, with client meeting rooms, sit down transaction processing, no teller lines or ropes, easy access to online banking, and facilities for use by Bank clients for their business or community organization meetings. The Bank anticipates opening the branch for business in mid-2010, with the exact timing dependent upon the completion of the tenant improvements.

Commenting on the Bank's financial results for the fourth quarter of and full year 2009, Eric J. Schwefler, the Bank's Chairman of the Board, stated: "We are very pleased to report the Bank's profitability and balance sheet growth during the fourth quarter of 2009. Achieving over \$200 million in total assets and more than \$150 million in total deposits in just over two years of operation places the Bank near the top of its de novo peer group. These results confirm the market's demand for the unique combination of advanced technology, concierge service, and customizable financial solutions offered by the Bank."

Mr. Schwefler then added: "The Board of Directors continues to be deeply committed to enhancing shareholder value and effectively representing the interests of our shareholders. The multiple steps taken over the past several months to enhance future earnings potential, augment the management team, reduce certain operating costs, and add new outside directors all demonstrate the significant involvement by the directors in guiding the Bank towards generating shareholder value. In addition, the Board of Directors has ensured that each Bank employee has an equity interest in our common stock and therefore a mutual interest with shareholders."

Michael D. Bouquet, a Bank director and General Manager of Toyota of Santa Maria and Honda of Santa Maria, stated: "We greatly look forward to the opening of the Santa Maria branch. The Bank has already been successful in attracting a significant volume of deposits from that market despite not having a physical presence. The branch facility will be unique in Santa Maria, with unparalleled client convenience, comfort, and services. The branch will be staffed with highly regarded and well known local bankers, led by Michael J. Sell."

Thomas J. Beene, the Bank's President and Chief Executive Officer, then commented: "The Bank enters 2010 well positioned for success, with ample liquidity, a very strong capital position, the ability to make loans, and competitive advantages in technology, cash management services, and our delivery platform. With an expanded Board of Directors and a full and experienced management team, we also have the human resources in place to continue growing the Bank in a safe and sound manner". Mr. Beene then added: "Since joining the Bank in September, I have much enjoyed establishing relationships with the Bank's clients and shareholders. It has been invigorating working for a financial institution so well positioned for future growth and so greatly supported by an active and highly committed Board of Directors."

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The Bank's target markets are commercial enterprises, professionals, real estate investors, family business entities, and residents in San Luis Obispo County and northern Santa Barbara County. The Bank is located at 4051 Broad Street, Suite 140, San Luis Obispo, California, near the intersection of Broad Street (Highway 227) and Tank Farm Road. The Bank's deposits are insured by the FDIC up to applicable legal limits. The Bank participates in the FDIC's Transaction Account Guarantee Program. Under that Program, through June 30, 2010, all non-interest bearing checking accounts, as defined under the Program, are fully guaranteed by the FDIC for the entire amount of the account. Coverage under the Program is in addition to and separate from the coverage available under the FDIC's general deposit insurance rules.

Certain of the statements contained herein that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are typically identified by words or phrases such as "believe", "expect", "anticipate", "intend", "estimate", "target", "plans", "may increase", "may fluctuate", "may result in", "are projected", and similar expressions. The Bank's actual results may differ materially from those included in the forward-looking statements. These forward-looking statements involve risks and uncertainties including, but not limited to, the economic, business, and real estate market conditions in the Bank's market areas, the interest rate environment, competition, regulatory and legislative actions, the possibility that the Bank will not be successful in achieving its strategic objectives, the performance and contributions of employees and directors, and other factors. The Bank does not undertake, and specifically disclaims any obligation, to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements.

This news release is available at the www.americanprinciplebank.com Internet site for no charge.

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--- financial data follows ---

AMERICAN PRINCIPLE BANK

Financial Highlights Unaudited (Dollars In Thousands)

| | December 31, 2009 | September 30, 2009 | December 31, 2008 |
|--|----------------------|-----------------------|----------------------|
| Financial Condition Data | | | |
| <u>Assets</u> | | | |
| Cash and due from banks | \$ 2,462 | \$ 1,890 | \$ 3,319 |
| Federal funds sold | -- | -- | 2,730 |
| Interest bearing deposits in other financial institutions | 2,421 | 376 | 104 |
| Securities available for sale, at fair value: | | | |
| Mortgage backed securities | 51,218 | 44,712 | 16,557 |
| Collateralized mortgage obligations | 4,819 | 7,509 | 18,452 |
| Loans receivable held for investment: | | | |
| Residential one to four unit real estate loans | -- | 620 | -- |
| Home equity lines of credit | 12,536 | 11,875 | 9,415 |
| Multifamily real estate loans | 7,966 | 7,396 | 4,919 |
| Commercial and industrial real estate loans | 55,231 | 44,811 | 39,457 |
| Construction loans | 9,440 | 14,412 | 10,435 |
| Land / lot loans | 8,681 | 8,355 | 7,520 |
| Farm real estate loans | 3,600 | 3,600 | 3,600 |
| Commercial business loans | 37,067 | 38,787 | 37,235 |
| Other loans | <u>5,402</u> | <u>4,449</u> | <u>3,998</u> |
| Gross loans held for investment, net of deferred fees and costs | 139,923 | 134,305 | 116,579 |
| Less: | | | |
| Allowance for loan losses | <u>(2,488)</u> | <u>(4,718)</u> | <u>(1,646)</u> |
| Loans receivable held for investment, net | 137,435 | 129,587 | 114,933 |
| Investment in capital stock of the Federal Home Loan Bank, at cost | 757 | 757 | 179 |
| Premises and equipment, net | 1,384 | 1,479 | 1,778 |
| Accrued interest receivable | 623 | 523 | 547 |
| Other assets | <u>1,849</u> | <u>876</u> | <u>245</u> |
| Total assets | <u>\$ 202,968</u> | <u>\$ 187,709</u> | <u>\$ 158,844</u> |
| <u>Liabilities and Shareholders' Equity</u> | | | |
| Deposits: | | | |
| Non-interest bearing demand deposits | \$ 18,482 | \$ 17,319 | \$ 10,079 |
| Interest bearing checking accounts | 3,297 | 2,660 | 3,803 |
| Savings accounts | 77 | 59 | 116 |
| Money market accounts | 74,936 | 71,915 | 61,489 |
| Certificates of deposit | <u>55,460</u> | <u>51,396</u> | <u>36,652</u> |
| Total deposits | 152,252 | 143,349 | 112,139 |
| Borrowings | 10,453 | 4,383 | 5,571 |
| Other liabilities | <u>1,109</u> | <u>1,201</u> | <u>1,006</u> |
| Total liabilities | <u>163,814</u> | <u>148,933</u> | <u>118,716</u> |
| Shareholders' equity | <u>39,154</u> | <u>38,776</u> | <u>40,128</u> |
| Total liabilities and shareholders' equity | <u>\$ 202,968</u> | <u>\$ 187,709</u> | <u>\$ 158,844</u> |

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Financial Highlights, Continued Unaudited (Dollars In Thousands Except Per Share Amounts)

| | Three Months Ended <u>12/31/2009</u> | Three Months Ended <u>12/31/2008</u> | Twelve Months Ended <u>12/31/2009</u> | Twelve Months Ended <u>12/31/2008</u> |
|---|---|---|--|--|
| Operating Data | | | | |
| Interest and dividend income | \$ 2,326 | \$ 1,954 | \$ 8,842 | \$ 5,559 |
| Interest expense | <u>533</u> | <u>556</u> | <u>2,205</u> | <u>1,429</u> |
| Net interest income before provision for loan losses | 1,793 | 1,398 | 6,637 | 4,130 |
| Provision for loan losses | <u>299</u> | <u>493</u> | <u>3,458</u> | <u>1,542</u> |
| Net interest income after provision for loan losses | <u>1,494</u> | <u>905</u> | <u>3,179</u> | <u>2,588</u> |
| Non-interest income | <u>78</u> | <u>14</u> | <u>138</u> | <u>51</u> |
| Non-interest expense: | | | | |
| Compensation and employee benefits | 601 | 565 | 2,423 | 2,000 |
| Accounting, legal, and consulting | 215 | 99 | 656 | 419 |
| Occupancy | 126 | 126 | 505 | 508 |
| Regulatory assessments | 77 | 26 | 314 | 62 |
| Equipment | 67 | 76 | 259 | 213 |
| Data and item processing | 52 | 51 | 204 | 171 |
| Director expenses | 39 | 1 | 133 | 4 |
| Supplies, printing, courier, and postage | 31 | 18 | 100 | 76 |
| Advertising and promotion | 22 | 18 | 80 | 41 |
| Provision for (reduction of) off balance sheet commitments | 3 | 2 | (2) | 35 |
| Other expenses | <u>97</u> | <u>88</u> | <u>352</u> | <u>264</u> |
| Total non-interest expense | <u>1,330</u> | <u>1,070</u> | <u>5,024</u> | <u>3,793</u> |
| Income (loss) before provision for income taxes | 242 | (151) | (1,707) | (1,154) |
| Provision for income taxes | <u>1</u> | <u>--</u> | <u>1</u> | <u>1</u> |
| Net income (loss) | <u>\$ 241</u> | <u>\$ (151)</u> | <u>\$ (1,708)</u> | <u>\$ (1,155)</u> |
| Weighted average shares used in basic income (loss) per share calculation | 4,273,389 | 4,246,502 | 4,256,987 | 4,229,870 |
| Basic income (loss) per share | <u>\$ 0.06</u> | <u>\$ (0.04)</u> | <u>\$ (0.40)</u> | <u>\$ (0.27)</u> |
| Weighted average shares used in diluted income (loss) per share calculation | 4,291,747 | 4,246,502 | 4,256,987 | 4,229,870 |
| Diluted income (loss) per share | <u>\$ 0.06</u> | <u>\$ (0.04)</u> | <u>\$ (0.40)</u> | <u>\$ (0.27)</u> |
| Annualized net interest income / average total assets | 3.75% | 3.85% | 3.73% | 3.87% |

| | <u>December 31, 2009</u> | <u>September 30, 2009</u> | <u>December 31, 2008</u> |
|---|---------------------------------|----------------------------------|---------------------------------|
| Other Information | | | |
| Net loans / deposits | 90.27% | 90.40% | 102.49% |
| Allowance for loan losses / loans outstanding | 1.78% | 3.51% | 1.41% |
| Nominal and tangible book value per share | \$ 9.15 | \$ 9.12 | \$ 9.44 |
| Shares of common stock outstanding | 4,277,713 | 4,251,770 | 4,250,830 |