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TIMBERLAND BANCORP INC  
Form 8-K  
November 07, 2007

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 6, 2007

Timberland Bancorp, Inc.  
(Exact name of registrant as specified in its charter)

Washington ----- State or other jurisdiction Of incorporation	0-23333 ----- Commission File Number	91-1863696 ----- (I.R.S. Employer Identification No.)
624 Simpson Avenue, Hoquiam, Washington ----- (Address of principal executive offices)		98550 ----- (Zip Code)

Registrant's telephone number (including area code) (360) 533-4747

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition  
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On November 6, 2007, Timberland Bancorp, Inc. issued its earnings release for the quarter ended September 30, 2007. A copy of the earnings release is attached hereto as Exhibit 99.1, which is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits  
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(c) Exhibits

99.1 Press Release of Timberland Bancorp, Inc. dated September 30, 2007

SIGNATURES  
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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

TIMBERLAND BANCORP, INC.

DATE: November 6, 2007

By: /s/Dean J. Brydon  
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Dean J. Brydon  
Chief Financial Officer

Exhibit 99.1

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TIMBERLAND BANCORP, INC

Contact: Michael R. Sand,  
President & CEO  
Dean J. Brydon, CFO  
(360) 533-4747  
www.timberlandbank.com  
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TIMBERLAND BANCORP, INC. EARNINGS PER SHARE INCREASE 10% TO RECORD \$0.32

HOQUIAM, WA----November 6, 2007 -- Timberland Bancorp, Inc. (NASDAQ:TSBK), ("Timberland") the holding company for Timberland Bank, ("Bank") today reported record fourth quarter earnings per share led by strong loan growth, solid asset quality, improving efficiency and ongoing share repurchases. Timberland increased its diluted earnings per share 10% to \$0.32 compared to \$0.29 per share in the fourth quarter one year ago. Timberland also reported record diluted earnings per share for the fiscal year ended September 30, 2007 of \$1.17 compared to \$1.12 for the fiscal year ended September 30, 2006. All per share data has been adjusted to reflect the 2-for-1 stock split in the form of a 100% stock dividend paid on June 5, 2007.

Fiscal Fourth Quarter (September 30, 2007) Highlights -

- \* Diluted earnings per share increased 10% compared to 4Q06
- \* Return on equity increased to 11.66%.
- \* Loan portfolio increased 21% to \$515 million during the past 12 months.
- \* Asset quality remained strong, with non-performing assets at 0.23% of total assets and a net charge-off of only \$2,000 during the quarter.

"We continue to benefit from a strong Northwest economy," stated Michael Sand, Timberland's President and CEO. "Although markets in the Puget Sound area are experiencing higher inventory levels and longer sales cycles, housing prices have risen during the first nine months of this year compared to the same period last year. While we retain an optimistic view of our region's economic prospects, recent sales statistics indicate that the sales of new homes slowed in King and Pierce Counties on a year-to-date basis. Residential sales transactions decreased by 12% and 31% in King and Pierce Counties respectively through September of this year as compared to the prior year. We continue to closely monitor our builders and their inventory levels in this economic environment. Our loan portfolio is well diversified by geography and by loan type. We are pleased with the improvement in our earnings per share and in our return on equity this past quarter," Sand also stated.

### Operating Results

Fiscal fourth quarter revenue (net interest income before provision for loan losses plus non-interest income) increased 5% to \$8.3 million from \$7.9 million in the like quarter one year ago. Net interest income before the provision for loan losses for the fourth quarter of fiscal 2007 increased 8% to \$6.7 million compared to the like quarter one year ago with interest income increasing 21% and interest expense increasing 47%. For the fiscal year ended September 30, 2007, revenues increased 4% to \$32.1 million from \$30.9 million the year before. Net interest income before provision for loan losses increased 6% to \$26.2 million, with interest income increasing 18% and interest expenses increasing 46%. Loan growth contributed to the increase in net interest income and offset

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increased funding costs.

"As we have seen throughout the banking industry, the relatively flat yield curve and intense competition for deposits has impacted margins," said Dean Brydon, Chief Financial Officer. "We have funded some of our loan growth this year with moderate core deposit growth, supplemented by wholesale funding sources." Timberland's net interest margin was 4.60% for the fourth quarter compared to 4.67% for the third quarter of fiscal 2007 and 4.91% for the fourth quarter one year ago. For the year ended September 30, 2007 the net interest margin was 4.69% compared to 4.91% for the year ended September 30, 2006.

The loan portfolio continued to perform well during the quarter with net charge-offs totaling only \$2,000. The fourth quarter provision for loan losses totaled \$270,000 compared to no provision made during the fourth quarter of fiscal 2006. For the full fiscal year, the provision for loan losses totaled \$686,000 compared to no provision for fiscal 2006.

Non-interest income decreased 6% to \$1.56 million for the fourth quarter from \$1.65 million for the fourth fiscal quarter of 2006. Non-interest income for fiscal 2007 decreased 5% to \$5.96 million from \$6.24 million for fiscal 2006. Non-interest income decreased primarily due to lower income from loan sales and a reduction in service charges on deposits accounts. On a linked quarter basis, non-interest income increased 4%. The increase in non-interest income was primarily due to an increase in service charges on deposit accounts and an increase in the gain on sale of loans.

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November 6, 2007  
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"In fiscal 2007, total revenue growth outpaced the growth of operating overhead, which improved our efficiency ratio," Sand noted. The efficiency ratio for the fourth quarter was 58.47% compared to 60.03% for the same quarter one year ago. The efficiency ratio for fiscal 2007 improved to 60.54% from 61.19% for fiscal 2006. Primarily because of increased advertising expenses and increased premises and equipment expenses, Timberland's total operating (non-interest) expenses increased 2% to \$4.85 million for the current quarter from \$4.75 million for the fourth quarter one year ago. Operating expenses for fiscal 2007 increased 3% to \$19.45 million from \$18.90 million for fiscal 2006, primarily due to increased compensation expenses and higher advertising and ATM expenses.

"Our return on equity continued to improve as profitability increased and we returned excess capital to shareholders through regular dividends and share repurchase programs," Sand noted. Timberland's return on equity ("ROE") was 11.66% for the fourth quarter of fiscal 2007, compared to the prior quarter's 11.24% and 10.89% for the fourth quarter of fiscal 2006.

Timberland's return on assets ("ROA") was 1.36% for the fourth quarter of fiscal 2007, compared to the prior quarter's 1.38% and 1.53% for the same period one year ago. For the fiscal year ended September 30, 2007, ROE was 10.67% compared to 10.59% for fiscal 2006, and ROA was 1.34% compared to 1.47% one year ago.

### Balance Sheet Management

Total assets increased to \$645 million at September 30, 2007, compared to \$624 million at June 30, 2007 and \$577 million one year ago primarily due to strong loan portfolio growth. Net loans receivable increased 14% on an annualized basis during the quarter to \$515 million at September 30, 2007, and increased 21% from

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\$425 million one year ago. During the past 12 months the portfolio has increased by \$91 million as construction and land development loans (net of the undisbursed portion) increased \$33 million, land loans increased \$31million, multi-family loans increased \$17 million, consumer loans increased \$10 million, and commercial business loans increased \$6 million.

### LOAN PORTFOLIO (\$ in thousands)

	Sept. 30, 2007		June 30, 2007		Sept. 30, 2006	
	Amount	Percent	Amount	Percent	Amount	Percent
	-----	----	-----	----	-----	----
<b>Mortgage Loans:</b>						
One-to-four family (1)	\$102,434	17%	\$103,883	18%	\$ 98,709	20%
Multi family	35,157	6	31,719	6	17,689	4
Commercial	127,866	22	128,118	22	137,609	28
Construction and land development	186,261	32	181,157	32	146,855	30
Land	60,706	10	53,794	9	29,598	6
	-----	----	-----	----	-----	----
Total mortgage loans	512,424	87	498,671	87	430,460	88
<b>Consumer Loans:</b>						
Home equity and second mortgage	47,269	8	44,347	8	37,435	8
Other	10,922	2	11,735	2	11,127	2
	-----	----	-----	----	-----	----
	58,191	10	56,082	10	48,562	10
Commercial business loans	18,164	3	16,625	3	11,803	2
	-----	----	-----	----	-----	----
Total loans	\$588,779	100%	\$571,378	100%	\$490,825	100%
<b>Less:</b>						
Undisbursed portion of construction loans in process	(65,673)		(66,598)		(59,260)	
Unearned income	(2,968)		(2,921)		(2,798)	
Allowance for loan losses	(4,797)		(4,529)		(4,122)	
	-----		-----		-----	
Total loans receivable, net	\$515,341		\$497,330		\$424,645	
	=====		=====		=====	

(1) Includes loans held for sale

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### CONSTRUCTION LOAN COMPOSITION (\$ in thousands)

	Sept. 30, 2007		June 30, 2007		Sept. 30, 2006	
	Amount	Percent	Amount	Percent	Amount	Percent
	-----	----	-----	----	-----	----

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Custom and owner / builder	\$ 52,375	28%	\$ 48,894	27%	\$ 46,346	32%
Speculative	43,012	23	43,655	24	34,363	23
Commercial real estate	50,518	27	50,729	28	42,398	29
Multi-family	18,064	10	19,801	11	7,662	5
Land development	22,292	12	18,078	10	16,086	11
	-----	-----	-----	-----	-----	-----
Total construction loans	\$186,261	100%	\$181,157	100%	\$146,855	100%

Loan originations of \$66.3 million for the quarter were nearly identical to the \$66.4 million in loan originations for the quarter ended June 30, 2007. Loan originations decreased 23% to \$66.3 million for the quarter ended September 30, 2007 compared to \$86.5 million for the same quarter one year ago. In fiscal 2007 loan originations increased 17% to \$299.7 million from \$256.3 million for fiscal 2006. The Bank also continued to sell fixed rate one-to-four family mortgage loans into the secondary market for asset-liability management purposes. Fixed rate one-to-four family mortgage loan sales totaled \$8.3 million for the fourth quarter of fiscal 2007 compared to \$8.8 million for the same period one year ago. In fiscal 2007 loan sales increased by 13% to \$29.9 million from \$26.4 million for fiscal 2006.

Total deposits increased \$33.2 million to \$466.7 million at September 30, 2007 from \$433.5 million at June 30, 2007 primarily due to the addition of \$24.1 million in brokered deposits which were used to help fund loan portfolio growth. Balances in money market accounts and certificates of deposit accounts showed strong increases during the quarter and year-over-year.

### DEPOSIT BREAKDOWN (\$ in thousands)

	Sept. 30, 2007		June 30, 2007		Sept. 30, 2006	
	Amount	Percent	Amount	Percent	Amount	Percent
	-----	-----	-----	-----	-----	-----
Non-interest bearing	\$ 54,962	12%	\$ 50,580	12%	\$ 57,905	13%
N.O.W. checking	80,372	17	80,290	18	89,509	21
Savings	56,412	12	59,558	14	60,235	14
Money market accounts	48,068	10	46,446	11	42,378	10
Certificates of deposit						
under \$100	135,528	29	131,803	30	128,183	30
Certificates of deposit \$100						
and over	67,316	15	64,837	15	52,851	12
Certificates of deposit -						
brokered	24,077	5	--	--	--	--
	-----	-----	-----	-----	-----	-----
Total deposits	\$466,735	100%	\$433,514	100%	\$431,061	100%
	=====	=====	=====	=====	=====	=====

Total shareholders' equity increased \$555,000 to \$74.5 million at September 30, 2007 from \$74.0 million at June 30, 2007. Timberland continued to manage its capital ratio through asset growth, stock repurchases and dividends. During the quarter Timberland repurchased 72,000 shares for \$1.2 million (an average price of \$16.56 per share). There are 144,950 shares remaining to be repurchased in the current stock repurchase plan. Cumulatively, Timberland has repurchased 7.6 million shares at an average price of \$8.89 per share. The share repurchases equal approximately 58% of the 13.2 million shares that were issued in Timberland's initial public offering in January 1998. A cash dividend of \$0.10 per share was paid during the quarter, which represented the 38th consecutive quarter a cash dividend was paid to shareholders. On October 30, 2007 the Company announced a quarterly cash dividend of \$0.10 per share, payable on November 27, 2007 to shareholders of record on November 13, 2007.

### Asset Quality

Asset quality remained strong as the non-performing assets to total assets ratio

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was 0.23% at September 30, 2007, with a net charge-off of only \$2,000 during the quarter. The allowance for loan losses totaled \$4.8 million at September 30, 2007, or 0.92% of loans receivable and 322% of non-performing loans. The allowance for loan losses was \$4.5 million, or 0.90% of loans receivable at June 30, 2007. The Bank's non-performing loans totaled \$1.49 million at September 30, 2007 and were

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comprised of a \$159,000 single family loan, a \$28,000 land loan and \$1.30 million in loans to a construction company. The \$1.30 million in loans to the construction entity were secured by two single family homes and a land parcel in Pierce County.

About Timberland Bancorp, Inc.

Timberland Bancorp, Inc. stock trades on the NASDAQ global market under the symbol "TSBK." The Bank operates 21 branches in the state of Washington in Hoquiam, Aberdeen, Ocean Shores, Montesano, Elma, Olympia, Lacey, Tumwater, Yelm, Puyallup, Edgewood, Tacoma, Spanaway (Bethel Station), Gig Harbor, Poulsbo, Silverdale, Auburn, Winlock, and Toledo.

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### TIMBERLAND BANCORP INC. AND SUBSIDIARIES

#### CONSOLIDATED INCOME STATEMENT

(\$ in thousands, except per share)  
(unaudited)

	Three Months Ended		
	Sept. 30, 2007	June 30, 2007	Sept. 30, 2006
	-----	-----	-----
Interest and dividend income			
Loans receivable	\$ 10,335	\$ 9,981	\$ 8,252
Investments and mortgage-backed securities	344	350	510
Dividends	433	426	401
Federal funds sold	69	49	97
Interest bearing deposits in banks	16	8	23
	-----	-----	-----
Total interest and dividend income	11,197	10,814	9,283
Interest expense			
Deposits	3,180	2,866	2,351
Federal Home Loan Bank ("FHLB") advances	1,262	1,278	659

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Other borrowings	11	12	13
	-----	-----	-----
Total interest expense	4,453	4,156	3,023
	-----	-----	-----
Net interest income	6,744	6,658	6,260
Provision for loan losses	270	260	--
	-----	-----	-----
Net interest income after provision for loan losses	6,474	6,398	6,260
Non-interest income			
Service charges on deposits	715	692	755
Gain on sale of loans, net	106	79	122
BOLI net earnings	120	116	116
Escrow fees	14	22	33
Servicing income on loans sold	133	127	160
ATM transaction fees	307	295	284
Other	162	170	183
	-----	-----	-----
Total non-interest income	1,557	1,501	1,653
Non-interest expense			
Salaries and employee benefits	2,624	2,752	2,650
Premises and equipment	625	557	590
Advertising	274	190	187
Loss (gain) from other real estate operations	1	1	(77)
ATM expenses	143	128	129
Postage and courier	131	113	116
Amortization of core deposit intangible	71	71	82
State and local taxes	152	148	138
Professional fees	125	175	265
Other	708	626	670
	-----	-----	-----
Total non-interest expense	4,854	4,761	4,750
Income before federal income taxes	3,177	3,138	3,163
Federal income taxes	1,022	1,000	1,019
	-----	-----	-----
Net income	\$ 2,155	\$ 2,138	\$ 2,144
	=====	=====	=====
Earnings per common share:			
Basic	\$ 0.33	\$ 0.32	\$ 0.30
Diluted	\$ 0.32	\$ 0.31	\$ 0.29
Weighted average shares outstanding:			
Basic	6,516,381	6,713,777	7,034,754
Diluted	6,690,048	6,910,165	7,290,954

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TIMBERLAND BANCORP INC. AND SUBSIDIARIES  
CONSOLIDATED INCOME STATEMENT  
(\$ in thousands, except per share)  
(unaudited)

	Year Ended	
	September 30, 2007	September 30, 2006
	-----	-----
Interest and dividend income		
Loans receivable	\$ 38,386	\$ 31,397



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Investments and mortgage-backed securities	1,529	2,152
Dividends	1,692	1,436
Federal funds sold	260	389
Interest bearing deposits in banks	77	78
	-----	-----
Total interest and dividend income	41,944	35,452
Interest expense		
Deposits	11,292	7,905
Federal Home Loan Bank ("FHLB") advances	4,436	2,860
Other borrowings	50	49
	-----	-----
Total interest expense	15,778	10,814
	-----	-----
Net interest income	26,166	24,638
Provision for loan losses	686	--
	-----	-----
Net interest income after provision for loan losses	25,480	24,638
Non-interest income		
Service charges on deposits	2,776	2,981
Gain on sale of loans, net	356	386
BOLI net earnings	464	449
Escrow fees	92	120
Servicing income on loans sold	505	425
ATM transaction fees	1,138	1,026
Other	631	857
	-----	-----
Total non-interest income	5,962	6,244
Non-interest expense		
Salaries and employee benefits	10,928	10,744
Premises and equipment	2,452	2,403
Advertising	843	688
Loss (gain) from other real estate operations	(13)	(156)
ATM expenses	497	428
Postage and courier	478	486
Amortization of core deposit intangible	285	328
State and local taxes	571	564
Professional fees	650	876
Other	2,760	2,535
	-----	-----
Total non-interest expense	19,451	18,896
Income before federal income taxes	11,991	11,986
Federal income taxes	3,828	3,829
	-----	-----
Net income	\$ 8,163	\$ 8,157
	=====	=====
Earnings per common share:		
Basic	\$ 1.20	\$ 1.16
Diluted	\$ 1.17	\$ 1.12
Weighted average shares outstanding:		
Basic	6,775,822	7,032,662
Diluted	6,982,107	7,281,896

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TIMBERLAND BANCORP, INC.  
 CONSOLIDATED BALANCE SHEET  
 (\$ in thousands) (unaudited)

	Sept. 30, 2007	June 30, 2007	Sept. 30, 2006
Assets	-----	-----	-----
Cash and due from financial institutions			
Non-interest bearing	\$ 10,813	\$ 11,798	\$ 14,870
Interest-bearing deposits in banks	2,082	1,188	2,519
Federal funds sold	3,775	205	5,400
	-----	-----	-----
	16,670	13,191	22,789
Certificate of deposit held for investment	--	--	100
Investments and mortgage-backed securities:			
Held to maturity	71	72	75
Available for sale	63,898	64,911	81,408
FHLB Stock	5,705	5,705	5,705
	-----	-----	-----
	69,674	70,688	87,288
Loans receivable	519,381	500,694	426,318
Loans held for sale	757	1,165	2,449
Less: Allowance for loan losses	(4,797)	(4,529)	(4,122)
	-----	-----	-----
Net loans receivable	515,341	497,330	424,645
Accrued interest receivable	3,424	3,177	2,806
Premises and equipment	16,575	16,557	16,730
Other Real estate owned ("OREO") and other repossessed items	--	68	15
Bank owned life insurance ("BOLI")	12,415	12,294	11,951
Goodwill	5,650	5,650	5,650
Core deposit intangible	1,221	1,292	1,506
Mortgage servicing rights	1,051	1,018	932
Other assets	2,827	2,881	2,775
	-----	-----	-----
Total Assets	\$644,848	\$624,146	\$577,087
	=====	=====	=====
Liabilities and Shareholders' Equity			
Non-interest-bearing deposits	\$ 54,962	\$ 50,580	\$ 57,905
Interest-bearing deposits	411,773	382,934	373,156
	-----	-----	-----
Total deposits	466,735	433,514	431,061
FHLB advances	99,697	112,463	62,761
Other borrowings: repurchase agreements	595	775	947
Other liabilities and accrued expenses	3,274	3,402	2,953
	-----	-----	-----
Total Liabilities	570,301	550,154	497,722
	-----	-----	-----
Shareholders' Equity			
Common stock- \$.01 par value; 50,000,000 shares authorized; September 30, 2007 - 6,953,360 shares issued and outstanding June 30, 2007 - 7,025,360 shares issued and outstanding September 30, 2006 - 3,757,676 shares issued and outstanding			

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on a pre-split basis	70	70	38
Additional paid in capital	10,315	11,425	20,888
Unearned shares- Employee Stock Ownership Plan	(3,040)	(3,106)	(3,305)
Unearned shares- Management Recognition and Development Plan	(392)	(415)	(188)
Retained earnings	68,378	66,915	62,933
Accumulated other comprehensive loss	(784)	(897)	(1,001)
	-----	-----	-----
Total Shareholders' Equity	74,547	73,992	79,365
	-----	-----	-----
Total Liabilities and Shareholders' Equity	\$644,848	\$624,146	\$577,087
	=====	=====	=====

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KEY FINANCIAL RATIOS AND DATA  
(\$ in thousands, except per share)  
(unaudited)

	Three Months Ended		
	Sept. 30, 2007	June 30, 2007	Sept. 30, 2006
	-----	-----	-----
PERFORMANCE RATIOS:			
Return on average assets (a)	1.36%	1.38%	1.53%
Return on average equity (a)	11.66%	11.24%	10.89%
Net interest margin (a)	4.60%	4.67%	4.91%
Efficiency ratio	58.47%	58.35%	60.03%

	Year Ended	
	Sept. 30, 2007	Sept. 30, 2006
	-----	-----
Return on average assets	1.34%	1.47%
Return on average equity	10.67%	10.59%
Net interest margin	4.69%	4.91%
Efficiency ratio	60.54%	61.19%

	Sept. 30, 2007	June 30, 2007	Sept. 30, 2006
	-----	-----	-----
ASSET QUALITY RATIOS:			
Non-performing loans	\$ 1,490	\$ 982	\$ 80
OREO and other repossessed assets	--	68	15
	-----	-----	-----
Total non-performing assets	\$ 1,490	\$ 1,050	\$ 95
Non-performing assets to total assets	0.23%	0.17%	0.02%
Allowance for loan losses to non-performing loans	322%	461%	5,153%
	-----	-----	-----
Book value per share (b)	\$ 10.72	\$ 10.53	\$ 10.56
Book value per share (c)	\$ 11.39	\$ 11.19	\$ 11.22
Tangible book value per share (b) (d)	\$ 9.73	\$ 9.54	\$ 9.61
Tangible book value per share (c) (d)	\$ 10.34	\$ 10.14	\$ 10.21

- (a) Annualized
- (b) Calculation includes ESOP shares not committed to be released
- (c) Calculation excludes ESOP shares not committed to be released
- (d) Calculation subtracts goodwill and core deposit intangible from the

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equity component

AVERAGE BALANCE SHEET

	Three Months Ended		
	Sept. 30, 2007	June 30, 2007	Sept. 30, 2006
Average total loans	\$ 509,166	\$ 494,137	\$ 411,012
Average total interest earning assets	586,056	570,597	510,180
Average total assets	634,762	619,120	560,941
Average total interest bearing deposits	405,078	388,610	372,371
Average FHLB advances and other borrowings	96,442	98,467	48,518
Average shareholders' equity	73,916	76,087	78,724

	Year Ended	
	Sept. 30, 2007	Sept. 30, 2006
Average total loans	\$ 477,029	\$ 399,811
Average total interest earning assets	558,298	502,194
Average total assets	607,781	554,231
Average total interest bearing deposits	387,505	365,544
Average FHLB advances and other borrowings	85,599	55,773
Average shareholders' equity	76,497	77,044

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Disclaimer

This report contains certain "forward-looking statements." The Company desires to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and is including this statement for the express purpose of availing itself of the protection of such safe harbor with forward looking statements. These forward-looking statements may describe future plans or strategies and include the Company's expectations of future financial results. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results to differ materially from stated objectives. These risk factors include but are not limited to the effect of interest rate changes, competition in the financial services market for both deposits and loans as well as regional and general economic conditions. The words "believe," "expect," "anticipate," "estimate," "project," and similar expressions identify forward-looking statements. The Company's ability to predict results or the effect of future plans or strategies is inherently uncertain and undue reliance should not be placed on such statements.