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TIMBERLAND BANCORP INC  
Form 8-K  
July 26, 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): July 24, 2007

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

Washington -----	0-23333 -----	91-1863696 -----
State or other jurisdiction Of incorporation	Commission File Number	(I.R.S. Employer Identification No.)

624 Simpson Avenue, Hoquiam, Washington -----	98550 -----
(Address of principal executive offices)	(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 July 24, 2007, Timberland Bancorp, Inc. issued its earnings release for

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the quarter ended June 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 July 24, 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: July 25, 2007

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

Exhibit 99.1

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. Announces Record Earnings Per Share

- \* Diluted Earnings Per Share Increases 11% to \$0.31
- \* Loan Portfolio Increases 25%

HOQUIAM, Wash. - July 24, 2007 - Timberland Bancorp, Inc. (NASDAQ: TSBK), ("Company") the holding company for Timberland Bank, ("Bank") today reported record third quarter earnings per share led by strong loan growth, ongoing share repurchases and excellent asset quality. Timberland increased its diluted earnings per share 11% to \$0.31 compared to \$0.28 per share in the third quarter of fiscal 2006. Net income for the quarter ended June 30, 2007, increased 4% year over year and 12% from the quarter immediately prior. Fiscal third quarter net income totaled \$2.14 million compared to \$2.06 million for the fiscal quarter a year ago and \$1.92 million for the quarter immediately prior. All per share data has been adjusted to reflect the 2 for 1 stock split in the form of a 100% dividend paid on June 5, 2007.

FISCAL THIRD QUARTER (JUNE 30, 2007) HIGHLIGHTS -

- \* Diluted earnings per share increased 11% compared to 3Q06 and increased 15% compared to 2Q07
- \* Return on equity increased to 11.2%.
- \* Loan portfolio increased 25% in the last 12 months to \$497 million.
- \* Quarterly cash dividend increased 11% to \$0.10 per share.
- \* Asset quality remained strong, with non-performing assets at 0.17% of total assets and a net charge-off of only \$2,000 during the quarter.

"We continue to benefit from the strong Northwest economy," stated Michael Sand, President and CEO. "We have continued to increase net interest income, control

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expenses and manage our capital. The results have been an increase in our earnings per share and in our return on equity. The economic strength in our area continues to provide ample opportunities for the profitable growth of our Company."

### OPERATING RESULTS

Fiscal third quarter revenue (net interest income before provision for loan losses plus non-interest income) increased 4% to \$8.2 million from \$7.8 million in the like quarter one year ago. Net interest income before the provision for loan losses for the quarter ended June 30, 2007 increased 6% to \$6.7 million compared to the like quarter one year ago with interest income increasing 19% and interest expense increasing 49%. For the first nine months of fiscal 2007, revenues increased 4% to \$23.8 million from \$23.0 million in the first nine months of fiscal 2006. Net interest income before provision for loan losses increased 6% to \$19.4 million, with interest income increasing 17% and interest expenses increasing 45%. Loan growth contributed to the increase in net interest income and offset increased funding costs.

"Our loan portfolio continues to perform well. The provision for loan losses made during the past two quarters is primarily due to the strong growth in the loan portfolio and changes in the portfolio's composition," said Sand. Timberland recorded a \$260,000 provision for loan losses in the third quarter, bringing the year-to-date provision to \$416,000, compared to no provision in the first three quarters of the prior fiscal year.

"As we have seen throughout the banking industry, the 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 deposit growth and are using other sources of borrowings to fund the strong loan demand in our market." Timberland's net interest margin was 4.67% for the third quarter compared to 4.75% for the quarter ended March 31, 2007 and 5.00% for the third quarter one year ago. Year to date, the net interest margin was 4.72% compared to 4.90% in the first nine months of fiscal 2006.

Non-interest income decreased 2% to \$1.50 million for the third quarter from \$1.53 million for the third fiscal quarter of 2006. Non-interest income for the first nine months of fiscal 2007 decreased 4% to \$4.41 million from \$4.59 million for the same period of 2006. These decreases were primarily due to a reduction in service charges on deposits.

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Total operating (non-interest) expenses decreased \$30,000 to \$4.76 million for the current quarter from \$4.79 million for the third quarter of fiscal 2006. The decrease in expenses for the current quarter was primarily due to a \$59,000 gain (\$38,000 net of tax) on the sale of a land parcel that was recorded in the premises and equipment expense category. Operating expenses in the first nine months of fiscal 2007 increased 3% to \$14.60 million from \$14.15 million for the same period one year ago, primarily due to increased salary and benefit related expenses and higher advertising and ATM expenses. The efficiency ratio for the third quarter improved to 58.35% from 62.42% in the quarter immediately prior and from 61.30% for the same quarter one year ago. Year-to-date the efficiency ratio improved to 61.26% from 61.59% for the first nine months of fiscal 2006. "Strong topline growth and overall cost controls throughout the organization are producing solid improvements in productivity and efficiency this year," said Brydon.

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"Our return on equity continues to improve as we return excess capital to shareholders through regular dividends and share repurchase programs," Sand noted. Return on equity ("ROE") was 11.24% for the third quarter of fiscal 2007, compared to the prior quarter's 9.91% and 10.57% for the third quarter of fiscal 2006. Timberland's return on assets ("ROA") was 1.38% compared to the prior quarter's 1.28% and 1.45% for the same period one year ago. For the first nine months of fiscal 2007, ROE was 10.36% compared to 10.48% of fiscal 2006, and ROA was 1.34% compared to 1.45% one year ago.

### BALANCE SHEET MANAGEMENT

Total assets increased to \$624 million at June 30, 2007 compared to \$618 million at March 31, 2007 and \$557 million one year ago primarily due to strong loan portfolio growth. Net loans receivable increased 14% on an annualized basis to \$497 million at June 30, 2007 from \$480 million at March 31, 2007, and increased 25% from \$398 million one year ago. During the past 12 months the portfolio has increased by \$99 million with a majority of the increase in higher yielding loans: Construction and land development loans (net of undisbursed portion) increased \$32 million; land loans increased \$24 million; multi-family loans increased \$13 million; consumer loans increased \$10 million; one-to four family loans increased \$8 million; commercial business loans increased \$6 million; and commercial real estate loans increased \$6 million. Timberland's construction portfolio is well diversified geographically and by type.

"We have no direct exposure to the subprime market," stated Sand. "The local housing markets in our trade areas remain healthy and it appears that regional population, personal income and employment growth will continue to provide support for the sales of new and existing homes.

### LOAN PORTFOLIO

(\$ in thousands)

	June 30, 2007		March 31, 2007		June 30, 2006	
	Amount	Percent	Amount	Percent	Amount	Percent
<b>Mortgage Loans:</b>						
One-to-four family(1)	\$103,883	18%	\$104,697	19%	\$ 95,828	21%
Multi family	31,719	6	17,156	3	18,582	4
Commercial	128,118	22	137,474	25	121,966	27
Construction and land development	181,157	32	179,350	32	133,977	29
Land	53,794	9	48,331	9	29,259	7
	-----	--	-----	--	-----	--
<b>Total mortgage loans</b>	<b>498,671</b>	<b>87</b>	<b>487,008</b>	<b>88</b>	<b>399,612</b>	<b>88</b>
<b>Consumer Loans:</b>						
Home equity and second mortgage	44,347	8	41,357	7	35,935	8
Other	11,735	2	11,543	2	10,239	2
	-----	--	-----	--	-----	--
	56,082	10	52,900	9	46,174	10
Commercial business loans	16,625	3	15,289	3	10,158	2
	-----	--	-----	--	-----	--
<b>Total loans</b>	<b>\$571,378</b>	<b>100%</b>	<b>\$555,197</b>	<b>100%</b>	<b>\$455,944</b>	<b>100%</b>
<b>Less:</b>						
Undisbursed portion of construction loans in process	(66,598)		(68,034)		(51,333)	
Unearned income	(2,921)		(3,003)		(2,573)	
Allowance for loan losses	(4,529)		(4,272)		(4,120)	
	-----		-----		-----	
<b>Total loans receivable, net</b>	<b>\$497,330</b>		<b>\$479,888</b>		<b>\$397,918</b>	
	=====		=====		=====	

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(1) Includes loans held for sale

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CONSTRUCTION LOAN COMPOSITION  
(\$ in thousands)

	June 30, 2007		March 31, 2007		June 30, 2006	
	Amount	Percent	Amount	Percent	Amount	Percent
Custom and owner/builder	\$ 48,894	27%	\$ 46,723	26%	\$ 44,552	33%
Speculative	43,655	24	36,753	20	37,306	28
Commercial real estate	50,729	28	57,191	32	32,990	25
Multi-family	19,801	11	17,756	10	7,388	5
Land development	18,078	10	20,927	12	11,741	9
	-----	---	-----	---	-----	---
Total construction loans	\$181,157	100%	\$179,350	100%	\$133,977	100%

Loan originations increased 10% to \$66.4 million for the third quarter of fiscal 2007 from \$60.1 million for the same quarter one year ago. In the first nine months of fiscal 2007, loan originations increased 37% to \$233.4 million from \$169.8 million in the first nine months of fiscal 2006. Timberland 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 \$7.8 million for the third quarter of fiscal 2007 compared to \$4.5 million for the same period one year ago.

"We continue to expand our deposit gathering capabilities, both with our branch expansion over the past few years and with new products," Sand noted. "A new checking account program that offers an attractive yield is scheduled for introduction later this summer. We believe this innovative product will not only help us attract new accounts, but encourage our current customers to build their deposit balances with us. We believe the long-term benefits of expanding the deposit customer base will outweigh the initial expenses." Total deposits decreased \$10.6 million to \$433.5 million at June 30, 2007 from \$444.1 million at March 31, 2007 as balances in checking accounts, savings accounts and certificate of deposit accounts of \$100,000 and over decreased.

DEPOSIT BREAKDOWN  
(\$ in thousands)

	June 30, 2007		March 31, 2007		June 30, 2006	
	Amount	Percent	Amount	Percent	Amount	Percent
Non-interest bearing	\$ 50,580	12%	\$ 53,321	12%	\$ 54,372	13%
N.O.W. checking	80,290	18	83,945	19	91,694	22
Savings	59,558	14	62,169	14	60,878	14
Money market accounts	46,446	11	45,950	10	37,962	9
Certificates of deposit under \$100	131,803	30	129,986	29	125,085	30
Certificates of deposit \$100 and over	64,837	15	68,751	16	49,393	12
	-----	---	-----	---	-----	---
Total deposits	\$433,514	100%	\$444,122	100%	\$419,384	100%
	=====	===	=====	===	=====	===

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Total shareholders' equity decreased \$3.8 million to \$74.0 million at June 30, 2007 from \$77.8 million at March 31, 2007, as Timberland continued to manage its capital through asset growth, stock repurchases and dividends. During the quarter Timberland repurchased 310,532 shares (adjusted for stock split) for \$5.6 million (an average price of \$18.02 per share). There are 216,950 shares remaining to be repurchased in the current stock repurchase plan. Cumulatively, Timberland has repurchased 7.6 million shares or 57% of the 13.2 million shares that were issued in its initial public offering in January 1998 at an average price of \$8.82 per share. A cash dividend of \$0.09 per share was paid during the quarter, which represented the 37th consecutive quarter a cash dividend was paid to shareholders. On July 12, 2007 the Company announced an 11% increase in the quarterly cash dividend to \$0.10 per share. The dividend will be paid on August 23, 2007 to shareholders of record on August 9, 2007.

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### ASSET QUALITY

Asset quality remained strong as the non-performing assets to total assets ratio was 0.17% at June 30, 2007, with a net charge-off of only \$2,000 during the quarter. The allowance for loan losses totaled \$4.5 million at June 30, 2007, or 0.90% of loans receivable and 461% of non-performing loans. The allowance for loan losses was \$4.3 million, or 0.89% of loans receivable at March 31, 2007. The Company's non-performing loans totaled \$982,000 at June 30, 2007, and consisted of a \$347,000 commercial real estate loan, four single family mortgage loans totaling \$351,000, a \$250,000 single-family construction loan and a \$34,000 land loan.

### 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		
	June 30, 2007	March 31, 2007	June 30, 2006
Interest and dividend income			
Loans receivable	\$ 9,981	\$ 9,283	\$ 8,036
Investments and mortgage-backed securities	350	381	529

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Dividends	426	413	370
Federal funds sold	49	77	121
Interest bearing deposits in banks	8	14	18
	-----	-----	-----
Total interest and dividend income	10,814	10,168	9,074
Interest expense			
Deposits	2,866	2,657	2,058
Federal Home Loan Bank ("FHLB") advances	1,278	1,013	718
Other borrowings	12	10	10
	-----	-----	-----
Total interest expense	4,156	3,680	2,786
	-----	-----	-----
Net interest income	6,658	6,488	6,288
Provision for loan losses	260	156	--
Net interest income after provision for loan losses	6,398	6,332	6,288
Non-interest income			
Service charges on deposits	692	663	769
Gain on sale of loans, net	79	64	60
BOLI net earnings	116	114	112
Escrow fees	22	24	32
Servicing income on loans sold	127	115	80
ATM transaction fees	295	272	266
Other	170	172	209
	-----	-----	-----
Total non-interest income	1,501	1,424	1,528
Non-interest expense			
Salaries and employee benefits	2,752	2,766	2,727
Premises and equipment	557	647	583
Advertising	190	201	185
Loss from other real estate operations	1	2	5
ATM expenses	128	107	105
Postage and courier	113	130	123
Amortization of core deposit intangible	71	71	82
State and local taxes	148	133	138
Professional fees	175	172	222
Other	626	710	621
	-----	-----	-----
Total non-interest expense	4,761	4,939	4,791
Income before federal income taxes	3,138	2,817	3,025
Federal income taxes	1,000	901	964
	-----	-----	-----
Net income	\$ 2,138	\$ 1,916	\$ 2,061
	=====	=====	=====
Earnings per common share:			
Basic	\$ 0.32	\$ 0.28	\$ 0.29
Diluted	\$ 0.31	\$ 0.27	\$ 0.28
Weighted average shares outstanding:			
Basic	6,713,777	6,866,664	7,141,700
Diluted	6,910,165	7,083,420	7,382,876



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TIMBERLAND BANCORP INC. AND SUBSIDIARIES		Nine Months Ended	
CONSOLIDATED INCOME STATEMENT		June 30,	June 30,
(\$ in thousands, except per share)		2007	2006
(unaudited)			
Interest and dividend income		-----	-----
Loans receivable	\$ 28,050		\$ 23,144
Investments and mortgage-backed securities	1,185		1,642
Dividends	1,259		1,036
Federal funds sold	192		292
Interest bearing deposits in banks	61		54
		-----	-----
Total interest and dividend income	30,747		26,168
Interest expense			
Deposits	8,113		5,554
Federal Home Loan Bank ("FHLB") advances	3,173		2,201
Other borrowings	39		36
		-----	-----
Total interest expense	11,325		7,791
		-----	-----
Net interest income	19,422		18,377
Provision for loan losses	416		--
Net interest income after provision for loan losses	19,006		18,377
Non-interest income			
Service charges on deposits	2,061		2,226
Gain on sale of loans, net	250		264
BOLI net earnings	343		333
Escrow fees	77		87
Servicing income on loans sold	373		266
ATM transaction fees	830		742
Other	471		674
		-----	-----
Total non-interest income	4,405		4,592
Non-interest expense			
Salaries and employee benefits	8,303		8,095
Premises and equipment	1,827		1,814
Advertising	569		501
Loss (gain) from other real estate operations	(14)		(79)
ATM expenses	354		299
Postage and courier	347		370
Amortization of core deposit intangible	214		246
State and local taxes	420		427
Professional fees	524		611
Other	2,052		1,863
		-----	-----
Total non-interest expense	14,596		14,147
Income before federal income taxes	8,815		8,822
Federal income taxes	2,806		2,809
		-----	-----
Net income	\$ 6,009		\$ 6,013
		=====	=====
Earnings per common share:			
Basic	\$ 0.88		\$ 0.85
Diluted	\$ 0.85		\$ 0.82
Weighted average shares outstanding:			
Basic	6,863,253		7,058,116
Diluted	7,080,530		7,305,004

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TIMBERLAND BANCORP, INC.  
 CONSOLIDATED BALANCE SHEET

(\$ in thousands) (unaudited)	June 30, 2007	March 31, 2007	June 30, 2006
Assets			
Cash and due from financial institutions	-----	-----	-----
Non-interest bearing	\$ 11,798	\$ 14,604	\$ 13,720
Interest-bearing deposits in banks	1,188	659	2,565
Federal funds sold	205	6,655	10,450
	-----	-----	-----
	13,191	21,918	26,735
Investments and mortgage-backed securities:			
Held to maturity	72	72	86
Available for sale	64,911	67,221	84,822
FHLB Stock	5,705	5,705	5,705
	-----	-----	-----
	70,688	72,998	90,613
Loans receivable	500,694	482,226	401,014
Loans held for sale	1,165	1,934	1,024
Less: Allowance for loan losses	(4,529)	(4,272)	(4,120)
	-----	-----	-----
Net loans receivable	497,330	479,888	397,918
Accrued interest receivable	3,177	3,177	2,416
Premises and equipment	16,557	16,736	16,416
Other Real estate owned ("OREO") and other repossessed items	68	71	112
Bank owned life insurance ("BOLI")	12,294	12,178	11,835
Goodwill	5,650	5,650	5,650
Core deposit intangible	1,292	1,363	1,588
Mortgage servicing rights	1,018	986	888
Other assets	2,881	2,836	2,373
	-----	-----	-----
Total Assets	\$624,146	\$617,801	\$556,544
	=====	=====	=====
Liabilities and Shareholders' Equity			
Non-interest-bearing deposits	\$ 50,580	\$ 53,321	\$ 54,372
Interest-bearing deposits	382,934	390,801	365,012
	-----	-----	-----
Total deposits	433,514	444,122	419,384
FHLB advances	112,463	92,230	53,776
Other borrowings: repurchase agreements	775	588	1,152
Other liabilities and accrued expenses	3,402	3,048	3,409
	-----	-----	-----
Total Liabilities	550,154	539,988	477,721
	-----	-----	-----
Shareholders' Equity			
Common stock—\$.01 par value; 50,000,000 shares authorized; June 30, 2007 - 7,025,360 shares issued			

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and outstanding			
March 31, 2007 - 3,649,190 shares issued			
and outstanding on a pre-split basis			
June 30, 2006 - 3,785,576 shares issued and			
outstanding on a pre-split basis	70	36	38
Additional paid in capital	11,425	16,439	22,111
Unearned shares- Employee Stock Ownership Plan	(3,106)	(3,172)	(3,437)
Unearned shares- Management Recognition and			
Development Plan	(415)	(220)	--
Retained earnings	66,915	65,465	61,471
Accumulated other comprehensive loss	(897)	(735)	(1,360)
	-----	-----	-----
Total Shareholders' Equity	73,992	77,813	78,823
	-----	-----	-----
Total Liabilities and Shareholders' Equity	\$624,146	\$617,801	\$556,544
	=====	=====	=====

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KEY FINANCIAL RATIOS AND DATA (\$ in thousands, except per share) (unaudited)	Three Months Ended		
	June 30, 2007	March 31, 2007	June 30, 2006
PERFORMANCE RATIOS:	-----	-----	-----
Return on average assets (a)	1.38%	1.28%	1.49%
Return on average equity (a)	11.24%	9.91%	10.57%
Net interest margin (a)	4.67%	4.75%	5.00%
Efficiency ratio	58.35%	62.42%	61.30%
	Nine Months Ended		
	June 30, 2007		June 30, 2006
	-----		-----
Return on average assets (a)	1.34%		1.45%
Return on average equity (a)	10.36%		10.48%
Net interest margin (a)	4.72%		4.90%
Efficiency ratio	61.26%		61.59%
	June 30, 2007	March 31, 2007	June 30, 2006
ASSET QUALITY RATIOS:	-----	-----	-----
Non-performing loans	\$ 982	\$ 322	\$ 1,935
OREO & other repossessed assets	68	71	112
	-----	-----	-----
Total non-performing assets	\$ 1,050	\$ 393	\$ 2,047
Non-performing assets to total assets	0.17%	0.06%	0.37%
Allowance for loan losses to non-performing loans	461%	1,327%	213%
Book value per share (b)	\$ 10.53	\$ 10.66	\$ 10.41
Book value per share (c)	\$ 11.19	\$ 11.32	\$ 11.08
Tangible book value per share (b) (d)	\$ 9.54	\$ 9.70	\$ 9.46
Tangible book value per share (c) (d)	\$ 10.14	\$ 10.30	\$ 10.07

- (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 equity component

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AVERAGE BALANCE SHEET:

	Three Months Ended		
	June 30, 2007	March 31, 2007	June 30, 2006
	-----	-----	-----
Average total loans	\$ 494,137	\$ 465,460	\$ 399,849
Average total interest earning assets	570,597	546,870	502,804
Average total assets	619,120	597,015	554,716
Average total interest bearing deposits	388,610	380,916	366,228
Average FHLB advances & other borrowings	98,467	81,578	55,597
Average shareholders' equity	76,087	77,340	77,969

	Nine Months Ended	
	June 30, 2007	June 30, 2006
	-----	-----
Average total loans	\$ 466,200	\$ 396,141
Average total interest earning assets	548,942	499,624
Average total assets	598,688	552,100
Average total interest bearing deposits	381,946	363,246
Average FHLB advances & other borrowings	82,139	58,218
Average shareholders' equity	77,364	76,478

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.