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TIMBERLAND BANCORP INC  
Form 8-K  
November 08, 2006

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 7, 2006

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

On November 7, 2006, Timberland Bancorp, Inc. issued its earnings release for the quarter ended September 30, 2006. 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 November 7, 2006

### 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 7, 2006

By: /s/Dean J. Brydon

-----  
Dean J. Brydon  
Chief Financial Officer

Exhibit 99.1

Contact: Michael R. Sand,  
President & CEO  
Dean J. Brydon, CFO  
(360) 533-4747  
[www.timberlandbank.com](http://www.timberlandbank.com)

Timberland Bancorp, Inc. Announces Record Earnings for FY06  
Diluted Earnings Per Share Increases 23%  
and Net Interest Margin Increases by 31 Basis Points

HOQUIAM, Wash. - November 7, 2006 - Timberland Bancorp, Inc. (NASDAQ: TSBK), ("Company") the holding company for Timberland Bank, ("Bank") today reported record profits, strong loan growth and excellent asset quality for its fiscal year ended September 30, 2006. Fiscal year 2006, net income increased 23% to \$8.16 million, or \$2.24 per diluted share, compared to \$6.62 million, or \$1.82 per diluted share in fiscal year 2005. Fiscal fourth quarter 2006 net income increased 17% to \$2.14 million, or \$0.59 per diluted share, from \$1.84 million, or \$0.51 per diluted share, in the fourth quarter of fiscal 2005.

#### Fiscal 2006 Financial Highlights

- \* Annual diluted earnings per share (EPS) increased 23%.
- \* Quarterly diluted EPS increased 16%.
- \* Net interest margin increased 31 basis points to 4.91% during the year.
- \* Non performing asset to total assets ratio improved to 0.02% at year end.
- \* Total loans increased 9% to \$425 million.

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- \* Efficiency ratio improved to 61.19% for the year.

### Two - Year Financial Highlights (Fiscal 2004 to 2006)

- \* Diluted EPS increased to \$2.24 from \$1.46 generating a 24% compounded annual growth rate (CAGR).
- \* Net income increased to \$8.2 million from \$5.6 million for a 21% CAGR.
- \* Return on equity increased to 10.89% from 7.52% for a 20% CAGR.
- \* Net loans increased to \$425 million from \$345 million for an 11% CAGR.
- \* Total deposits increased to \$431 million from \$320 million for a 16% CAGR.
- \* Total assets increased to \$577 million from \$460 million for a 12% CAGR.
- \* Visit [www.timberlandbank.com](http://www.timberlandbank.com) (investor relations tab) to view graphs of recent growth trends.

"The Western Washington economy remains strong, with on-going expansion in the aerospace, software and construction industries continuing to provide a solid underpinning for regional economic growth," said Michael Sand, President and CEO. According to Marple's Pacific Northwest Letter, "The economy of the Pacific Northwest in fact is booming growing at the fastest rates since before the brief and shallow U.S. recession in 2001." Recently the Port of Grays Harbor and Imperium Renewables, backed by Microsoft's co-founder Paul Allen, announced plans for the country's largest biodiesel fuel plant which will be built in the greater Hoquiam-Aberdeen area. Construction began last month with a scheduled completion date in mid 2007. Approximately 300 jobs will be created to facilitate the construction of the plant which will provide permanent employment for approximately 50 people.

"The initiatives we launched in late 2003 to upgrade our technology platforms, improve our credit administration processes, and strengthen our deposit gathering capabilities have been successful and are reflected in the Company's financial results over the past two years," Sand continued. "This year we began building on those core platform initiatives by adding two highly capable and market-proven business bankers to lead our loan production initiatives and strengthen our presence in the commercial real estate and business banking markets. Their contacts, relationships and management oversight led to record loan originations of \$86.5 million for the quarter. We are pleased with the financial trends we are seeing develop in the Company. A visit to our website [www.timberlandbank.com](http://www.timberlandbank.com) (investor relations tab) will allow the viewing of charts that graphically display the progress made during the past two years," Sand also stated.

### Operating Results

Fiscal 2006 revenue (net interest income before provision for loan losses plus non-interest income) increased 9% to \$30.9 million from \$28.4 million in fiscal 2005. Net interest income before the provision for loan losses increased 10% to \$24.6 million with interest income increasing 15% and interest expense increasing 26%. Loan growth and a shift in assets to higher-yielding credits contributed to the growth in net interest income, and offset rising funding costs. In addition, the collection of \$327,000 in prepayment penalties and \$162,000 in non-accrual interest increased interest income and added approximately 10

Timberland FY06 Profits Rise 23%

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basis points to the net interest margin. The yield on interest earning assets increased to 7.06% in fiscal 2006 from 6.37% a year ago, while the average rate paid on interest bearing liabilities increased to 2.57% in fiscal 2006 from 2.09% in fiscal 2005.

Net interest margin for the year increased 31 basis points to 4.91% from 4.60% a year ago. Non-interest income increased 3% for the year to \$6.24 million from \$6.07 million in fiscal 2005, with increased service charges on deposits and ATM fees offsetting a lower gain on sale of loans. Income from loan sales was larger a year ago in part due to the December 2004 sale of the Bank's credit card portfolio, which resulted in a gain of \$245,000.

In the fourth quarter of fiscal 2006, revenue increased 7% to \$7.91 million from \$7.37 million for the fourth quarter of fiscal 2005 with interest income up 14% and interest expense increasing 24%. Fourth quarter net interest income increased 9% to \$6.26 million from \$5.72 million a year ago. The collection and recognition of \$138,000 in non-accrual interest contributed to higher interest income and increased the quarterly net interest margin by approximately 5 basis points. Net interest margin in the fourth quarter was 4.91% compared to 4.56% in the fourth quarter a year ago. There was no provision for loan losses made during the year ended September 30, 2006 as credit quality remained strong. Non-interest income was consistent at \$1.65 million in the fourth quarter of 2006 and 2005.

Total operating (non-interest) expenses increased 2% in fiscal 2006 to \$18.90 million from \$18.54 million in fiscal 2005. "Our continued emphasis on cost control and efficiencies allowed us to stabilize expenses while we increased revenues," said Sand. Fourth quarter operating expenses increased only 2% compared to a year ago and decreased 1% on a sequential quarterly basis. Non-interest expense in the fourth quarter was \$4.75 million compared to \$4.79 million in the third quarter of fiscal 2006 and \$4.64 million in the fourth quarter of 2005.

Return on equity (ROE) was 10.59% for fiscal 2006 and 10.89% for the final quarter, compared to 9.08% and 10.03%, respectively, a year ago. Return on average assets was 1.47% in fiscal 2006 and 1.53% in the fourth quarter of the year, compared to 1.23% in fiscal 2005 and 1.33% in the fourth quarter of 2005.

### Balance Sheet Management

Total assets increased 4% during fiscal 2006 to \$577.1 million compared to \$552.8 million at the end of fiscal 2005. Strong loan originations facilitated the conversion of assets from lower yielding investments and cash into higher yielding loans. At September 30, 2006, total loans increased by 9% to \$424.6 million from \$388.1 million at the end of the preceding year. Loan growth was primarily due to an 11% increase in loan originations during the year with \$256.3 million in total originations in fiscal 2006. Fourth quarter loan originations were exceptionally strong, increasing 40% to \$86.5 million from \$61.6 million in the fourth quarter a year ago. "We continue to sell fixed rate one-to-four family mortgage loans into the secondary market for asset liability management purposes," said Dean Brydon, Chief Financial Officer. Fixed rate one-to-four family mortgage loan sales totaled \$26.5 million for fiscal 2006 and \$8.9 million for the final quarter, compared to \$25.4 million and \$9.1 million, respectively, a year ago.

"Strong demand for commercial real estate and construction and land development loans offset lower levels of retail mortgage loans in our portfolio," Brydon noted. In fiscal 2006 commercial real estate loans increased 10%, construction and land development loans increased 31%, land

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loans increased 18%, and consumer loans increased 17%, offsetting moderate declines in residential mortgage loans.

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Timberland FY06 Profits Rise 23%

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### LOAN PORTFOLIO (\$ in thousands)

	September 30, 2006		September 30, 2005	
	Amount	Percent	Amount	Percent
<hr style="border-top: 1px dashed black;"/>				
<b>Mortgage Loans:</b>				
One-to-four family (1)	\$ 98,709	20.1%	\$101,763	23.2%
Multi family	17,689	3.6%	20,170	4.6%
Commercial	137,609	28.1%	124,849	28.5%
Construction and land development	146,855	29.9%	112,470	25.7%
Land	29,598	6.0%	24,981	5.7%
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total mortgage loans	430,460	87.7%	384,233	87.7%
<b>Consumer Loans:</b>				
Home equity and second mortgage	37,435	7.6%	32,298	7.4%
Other	11,127	2.3%	9,330	2.1%
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	48,562	9.9%	41,628	9.5%
Commercial business loans	11,803	2.4%	12,013	2.8%
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total loans	\$490,825	100.0%	\$437,874	100.0%
<b>Less:</b>				
Undisbursed portion of construction loans in process	(59,260)		(42,771)	
Unearned income	(2,798)		(2,895)	
Allowance for loan losses	(4,122)		(4,099)	
	<hr style="border-top: 1px dashed black;"/>		<hr style="border-top: 1px dashed black;"/>	
Total loans receivable, net	\$424,645		\$388,109	
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(1) Includes loans held for sale

Total deposits increased 5% during fiscal 2006 with strong growth in non-interest bearing deposits and certificates of deposit accounts. Deposits increased \$19 million to \$431 million at September 30, 2006 from \$412 million at September 30, 2005.

### DEPOSIT BREAKDOWN (\$ in thousands)

	September 30, 2006		September 30, 2005	
	Amount	Percent	Amount	Percent
<hr style="border-top: 1px dashed black;"/>				
Non-interest bearing	\$ 57,905	13%	\$ 51,792	13%

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N.O.W. checking	89,509	21%	93,477	23%
Savings	60,235	14%	64,274	16%
Money market accounts	42,378	10%	49,295	12%
Certificates of deposit under \$100,000	128,183	30%	117,618	28%
Certificates of deposit \$100,000 and over	52,851	12%	35,209	8%
	-----	---	-----	----
Total deposits	\$431,061	100%	\$411,665	100%

Total shareholders' equity increased to \$79.4 million (tangible book value per share of \$19.22) at September 30, 2006 from \$74.6 million (tangible book value per share of \$17.86) at September 30, 2005. In addition to solid growth in shareholder equity, Timberland shareholders earned \$0.66 per share in cash dividends, an 8% increase from the \$0.61 per share dividends paid in fiscal 2005. The Company recently announced an increase in the quarterly dividend to \$0.18 per share from the prior quarterly dividend of \$0.16 per share. The dividend payable on November 27, 2006 represents the 35th consecutive quarter that Timberland has paid a cash dividend. In addition, the Company continued its share repurchase program in which it bought back 108,600 shares at an average price of \$34.08 for a total of \$3.7 million during fiscal 2006. Cumulatively, Timberland has

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repurchased 3.5 million shares or 52.6% of the 6.6 million shares that were issued in its initial public offering in January 1998. The average price of the 3.5 million repurchased shares was \$15.97 per share.

### Asset Quality

Asset quality improved significantly during fiscal 2006 with the resolution of several non-performing loans. At year end, non-performing loans declined to \$80,000 from \$2.9 million at year-end 2005, and total non-performing assets decreased to \$95,000 from \$3.4 million a year ago. Although there was no provision for loan losses in fiscal 2006, the allowance for loan losses, increased during this period due to a net recovery of \$23,000. The allowance for loan losses totaled \$4.1 million at September 30, 2006, or 0.97% of loans receivable and 5,152% of non-performing loans. The allowance for loan losses was \$4.0 million, or 1.05% of loans receivable and 140% of non-performing loans at September 30, 2005. Timberland had a net recovery of \$1,000 for the three months ended September 30, 2006 compared to a net charge-off of \$29,000 for the three months ended September 30, 2005. The Company had a net recovery of \$23,000 for the year ended September 30, 2006 compared to a net charge-off of \$33,000 for the year ended September 30, 2005.

The Company's non-performing assets to total assets ratio decreased to 0.02% at September 30, 2006 from 0.37% at June 30, 2006 and 0.62% at September 30, 2005. The non-performing loan total of \$80,000 at September 30, 2006 consisted of two single family mortgage loans.

### 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

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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, 2006	June 30, 2006	Sept. 30, 2005
	-----	-----	-----
Interest and dividend income			
Loans receivable	\$ 8,252	\$ 8,036	\$ 7,243
Investments and mortgage-backed securities	510	529	503
Dividends	401	370	305
Federal funds sold	97	121	86
Interest bearing deposits in banks	23	18	29
	-----	-----	-----
Total interest and dividend income	9,283	9,074	8,166
Interest expense			
Deposits	2,351	2,058	1,603
Federal Home Loan Bank ("FHLB") advances	659	718	831
Other borrowings	13	10	9
	-----	-----	-----
Total interest expense	3,023	2,786	2,443
	-----	-----	-----
Net interest income	6,260	6,288	5,723
Provision for loan losses	-	-	25
	-----	-----	-----
Net interest income after provision for loan losses	6,260	6,288	5,698
Non-interest income			
Service charges on deposits	755	769	760
Gain on sale of loans, net	122	60	115
BOLI net earnings	116	112	110
Escrow fees	33	32	44
Servicing income on loans sold	160	80	180
ATM transaction fees	284	266	239
Other	183	209	199
	-----	-----	-----
Total non-interest income	1,653	1,528	1,647
Non-interest expense			
Salaries and employee benefits	2,650	2,727	2,470
Premises and equipment	598	589	554
Advertising	187	185	232
Loss (gain) from real estate operations	(85)	(1)	15
ATM expenses	129	105	115
Postage and courier	116	123	148

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Amortization of core deposit intangible	82	82	94
State and local taxes	138	138	114
Professional fees	265	222	160
Other	670	621	738
	-----	-----	-----
Total non-interest expense	4,750	4,791	4,640
Income before federal income taxes	3,163	3,025	2,705
Federal income taxes	1,019	964	867
	-----	-----	-----
Net income	\$ 2,144	\$ 2,061	\$ 1,838
	=====	=====	=====
Earnings per common share:			
Basic	\$ 0.61	\$ 0.58	\$ 0.53
Diluted	\$ 0.59	\$ 0.56	\$ 0.51
Weighted average shares outstanding:			
Basic	3,517,377	3,531,610	3,442,198
Diluted	3,645,477	3,652,198	3,575,560

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

	Year Ended	
	September 30,	
	2006	2005
	-----	-----
Interest and dividend income		
Loans receivable	\$ 31,397	\$ 27,514
Investments and mortgage-backed securities	2,152	1,962
Dividends	1,436	1,093
Federal funds sold	389	282
Interest bearing deposits in banks	78	85
	-----	-----
Total interest and dividend income	35,452	30,936
Interest expense		
Deposits	7,905	5,422
Federal Home Loan Bank ("FHLB") advances	2,860	3,156
Other borrowings	49	31
	-----	-----
Total interest expense	10,814	8,609
	-----	-----
Net interest income	24,638	22,327
Provision for loan losses	-	141
	-----	-----
Net interest income after provision for loan losses	24,638	22,186
Non-interest income		
Service charges on deposits	2,981	2,822
Gain on sale of loans, net	386	728
BOLI net earnings	449	430
Escrow fees	120	141
Servicing income on loans sold	425	379
ATM transaction fees	1,026	871



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Other	857	702
	-----	-----
Total non-interest income	6,244	6,073
Non-interest expense		
Salaries and employee benefits	10,744	10,196
Premises and equipment	2,425	2,229
Advertising	688	797
Loss (gain) from real estate operations	(178)	4
ATM expenses	428	465
Postage and courier	486	529
Amortization of core deposit intangible	328	367
State and local taxes	564	436
Professional fees	876	656
Other	2,535	2,857
	-----	-----
Total non-interest expense	18,896	18,536
Income before federal income taxes	11,986	9,723
Federal income taxes	3,829	3,105
	-----	-----
Net income	\$ 8,157	\$ 6,618
	=====	=====
Earnings per common share:		
Basic	\$ 2.32	\$ 1.90
Diluted	\$ 2.24	\$ 1.82
Weighted average shares outstanding:		
Basic	3,516,331	3,475,400
Diluted	3,640,948	3,627,989

Timberland FY06 Profits Rise 23%  
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TIMBERLAND BANCORP, INC.

CONSOLIDATED BALANCE SHEET

(\$ in thousands) (unaudited)

	Sept. 30 2006	June 30 2006	Sept. 30 2005
	-----	-----	-----
Assets			
Cash and due from financial institutions			
Non-interest bearing	\$ 14,870	\$ 13,720	\$ 20,015
Interest-bearing deposits in banks	2,619	2,565	3,068
Federal funds sold	5,400	10,450	5,635
	-----	-----	-----
	22,889	26,735	28,718
Investments and mortgage-backed securities:			
Held to maturity	75	86	104
Available for sale	81,408	84,822	89,595
FHLB stock	5,705	5,705	5,705
	-----	-----	-----
	87,188	90,613	95,404
Loans receivable	426,318	401,014	389,853
Loans held for sale	2,449	1,024	2,355
Less: Allowance for loan losses	(4,122)	(4,120)	(4,099)
	-----	-----	-----
Net loans receivable	424,645	397,918	388,109

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Accrued interest receivable	2,806	2,416	2,294
Premises and equipment	16,730	16,416	15,862
Other Real estate owned ("OREO") and other repossessed items	15	112	509
Bank owned life insurance ("BOLI")	11,951	11,835	11,502
Goodwill	5,650	5,650	5,650
Core deposit intangible	1,506	1,588	1,834
Mortgage servicing rights	932	888	928
Other assets	2,775	2,373	1,955
	-----	-----	-----
Total Assets	\$ 577,087	\$ 556,544	\$ 552,765
	=====	=====	=====
Liabilities and Shareholders' Equity			
Non-interest-bearing deposits	\$ 57,905	54,372	\$ 51,791
Interest-bearing deposits	373,156	365,012	359,874
	-----	-----	-----
Total deposits	431,061	419,384	411,665
FHLB advances	62,761	53,776	62,353
Other borrowings: repurchase agreements	947	1,152	781
Other liabilities and accrued expenses	2,953	3,409	3,324
	-----	-----	-----
Total Liabilities	497,722	477,721	478,123
	-----	-----	-----
Shareholders' Equity			
Common stock - \$.01 par value; 50,000,000 shares authorized; September 30, 2006 - 3,757,676 shares issued and outstanding June 30, 2006 - 3,785,576 shares issued and outstanding September 30, 2005 - 3,759,937 shares issued and outstanding	38	38	38
Additional paid in capital	20,888	22,111	22,040
Unearned shares - Employee Stock Ownership Plan	(3,305)	(3,437)	(3,833)
Unearned shares - Management Recognition and Development Plan	(188)	-	-
Retained earnings	62,933	61,471	57,268
Accumulated other comprehensive loss	(1,001)	(1,360)	(871)
	-----	-----	-----
Total Shareholders' Equity	79,365	78,823	74,642
	-----	-----	-----
Total Liabilities and Shareholders' Equity	\$ 577,087	\$ 556,544	\$ 552,765
	=====	=====	=====

Timberland FY06 Profits Rise 23%  
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KEY FINANCIAL RATIOS AND DATA (\$ in thousands, except per share) (unaudited)	Three Months Ended		Year Ended	
	2006	2005	2006	2005
	-----	-----	-----	-----
PERFORMANCE RATIOS:				
Return on average assets (a)	1.53%	1.33%	1.47%	1.23%
Return on average equity (a)	10.89%	10.03%	10.59%	9.08%
Net interest margin (a)	4.91%	4.56%	4.91%	4.60%
Efficiency ratio	60.03%	62.96%	61.19%	65.27%

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	September 30,	
	2006	2005
	-----	-----
ASSET QUALITY RATIOS:		
Non-performing loans	\$ 80	\$ 2,926
REO & other repossessed assets	15	509
	-----	-----
Total non-performing assets	\$ 95	\$ 3,435
Non-performing assets to total assets	0.02%	0.62%
Restructured loans	\$ 1,355	\$ -
Allowance for loan losses to non-performing loans	5,152.5%	140.09%
Book value per share (b)	\$ 21.12	\$ 19.85
Book value per share (c)	\$ 22.44	\$ 21.30
Tangible book value per share (b) (d)	\$ 19.22	\$ 17.86
Tangible book value per share (c) (d)	\$ 20.41	\$ 19.16

(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

AVERAGE BALANCE SHEET:	Three Months Ended		Year Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
	-----	-----	-----	-----
Average total loans	\$ 411,012	\$ 392,596	\$399,811	\$ 378,113
Average total interest earning assets	510,180	502,453	502,194	485,616
Average total assets	560,941	554,750	554,231	538,402
Average total interest bearing deposits	372,371	363,150	365,544	356,089
Average FHLB advances & other borrowings	48,518	63,745	55,773	60,537
Average shareholders' equity	78,724	73,310	77,044	72,860

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.