to be performed entirely within such State. Each of the Company and the Warrantholder agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Warrant or the transactions contemplated hereby, and (b) that notice may be served upon the Company at the address in Section 17 below and upon the Warrantholder at the address for the Warrantholder set forth in the registry maintained by the Company pursuant to Section 8 hereof. To the extent permitted by applicable law, each of the Company and the Warrantholder hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to the Warrant or the transactions contemplated hereby or thereby.

15. Binding Effect. This Warrant shall be binding upon any successors or assigns of the Company.

16. Amendments. This Warrant may be amended and the observance of any term of this Warrant may be waived only with the written consent of the Company and the Warrantholder.

17. Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second business day following the date of dispatch if delivered by a recognized next day courier service. All notices hereunder shall be delivered as set forth in Item 9 of Schedule A hereto, or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

18. Entire Agreement. This Warrant, the forms attached hereto and Schedule A hereto (the terms of which are incorporated by reference herein), and the Letter Agreement (including all documents incorporated therein), contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or undertakings with respect thereto.

[Remainder of page intentionally left blank]

[Form of Notice of Exercise]

Date: __________

TO: **[Company]**

RE: Election to Purchase Preferred Stock

The undersigned, pursuant to the provisions set forth in the attached Warrant, hereby agrees to subscribe for and purchase such number of shares of Preferred Stock covered by the Warrant such that after giving effect to an exercise pursuant to Section 3(B) of the Warrant, the undersigned will receive the net number of shares of Preferred Stock set forth below. The undersigned, in accordance with Section 3 of the Warrant, hereby agrees to pay the aggregate Exercise Price for such shares of Preferred Stock in the manner set forth in Section 3(B) of the Warrant.

Number of Shares of Preferred Stock:[1] ____________________________

The undersigned agrees that it is exercising the attached Warrant in full and that, upon receipt by the undersigned of the number of shares of Preferred Stock set forth above, such Warrant shall be deemed to be cancelled and surrendered to the Company.

Holder: ____________________________
By: ____________________________
Name: ____________________________
Title: ____________________________

---

1. Number of shares to be received by the undersigned upon exercise of the attached Warrant pursuant to Section 3(B) thereof.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by a duly authorized officer.

Dated: ______________

COMPANY: ______________

By: ________________________
Name:
Title:

Attest:

By: ______________________________
Name:
Title:

[Signature Page to Warrant]

SCHEDULE A

Item 1
Name:
Corporate or other organizational form:
Jurisdiction of organization:

Item 2
Exercise Price:[2]

Item 3
Issue Date:

Item 4
Liquidation Amount:

Item 5
Series of Perpetual Preferred Stock:

Item 6
Date of Letter Agreement between the Company and the United States Department of the Treasury:

Item 7
Number of shares of Preferred Stock:[3]

Item 8
Company's address:

Item 9
Notice information:

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2 $0.01 per share or such greater amount as the Charter may require as the par value of the Preferred Stock.

3 The initial number of shares of Preferred Stock for which this Warrant is exercisable shall include the number of shares required to effect the cashless exercise pursuant to Section 3(B) of this Warrant (e.g., such number of shares of Preferred Stock having an aggregate Liquidation Amount equal in value to the aggregate Exercise Price) such that, following exercise of this Warrant and payment of the Exercise Price in accordance with such Section 3(B), the net number of shares of Preferred Stock delivered to the Warrantholder (and rounded to the nearest whole share) would have an aggregate Liquidation Amount equal to 5% of the aggregate amount invested by the United States Department of the Treasury on the investment date.

ADDITIONAL TERMS AND CONDITIONS

Company Information:

Name of the Company:	St. Johns Bancshares, Inc.
Corporate or other organizational form:	Corporation
Jurisdiction of Organization:	Missouri
Appropriate Federal Banking Agency:	Federal Reserve (St. Johns Bancshares, Inc.); FDIC (St. Johns Bank and Trust Company)
Notice Information:	St. Johns Bancshares, Inc. 8924 St. Charles Rock Road St. Louis, MO 63114-4238 [redacted] With a copy to: Polsinelli Shughart PC 100 S. 4th St., Suite 1100 St. Louis, MO 63102 [redacted]

Terms of the Purchase:

Series of Preferred Stock Purchased:	Fixed Rate Cumulative Perpetual Preferred Stock, Series A
Per Share Liquidation Preference of Preferred Stock:	$1,000
Number of Shares of Preferred Stock Purchased:	3,000
Dividend Payment Dates on the Preferred Stock:	February 15, May 15, August 15 and November 15 of each year

Series of Warrant Preferred Stock:	Fixed Rate Cumulative Perpetual Preferred Stock, Series B
Number of Warrant Shares:	150.00150
Number of Net Warrant Shares (after net settlement):	150
Exercise Price of the Warrant:	$0.01 per share
Purchase Price:	$3,000,000

<u>Closing</u>:

Location of Closing:	To be mutually agreed upon by the parties
Time of Closing:	9:00 a.m. Eastern Standard Time
Date of Closing:	March 13, 2009

Wire Information for Closing:

ABA Number: [redacted]
Bank: [redacted]
Account Name: [redacted]
Account Number: [redacted]
Beneficiary: [redacted]

Contact for Confirmation of Wire Information: [redacted]

CAPITALIZATION

Capitalization Date: February 28, 2009

Common Stock

Par value:	$1.00
Total Authorized:	120,000
Outstanding:	[redacted]
Subject to warrants, options, convertible securities, etc.:	[redacted]
Reserved for benefit plans and other issuances:	[redacted]
Remaining authorized but unissued:	[redacted]
Shares issued after Capitalization Date (other than pursuant to warrants, options, convertible securities, etc. as set forth above):	0

Preferred Stock:

Par Value:	$0.01
Total Authorized:	15,000
Outstanding (by series):	0
Reserved for issuance:	0
Remaining authorized but unissued:	15,000

Holders of 5% or more of any class of capital stock	Primary Address
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

SCHEDULE C

LITIGATION

List any exceptions to the representation and warranty in Section 2.2(l) of the Securities Purchase Agreement – Standard Terms.

If none, please so indicate by checking the box: ☒

SCHEDULE D

COMPLIANCE WITH LAWS

List any exceptions to the representation and warranty in the second sentence of Section 2.2(m) of the Securities Purchase Agreement – Standard Terms.

If none, please so indicate by checking the box: ☒

List any exceptions to the representation and warranty in the last sentence of Section 2.2(m) of the Securities Purchase Agreement – Standard Terms.

If none, please so indicate by checking the box: ☒

SCHEDULE E

REGULATORY AGREEMENTS

List any exceptions to the representation and warranty in Section 2.2(s) of the Securities Purchase Agreement – Standard Terms.

If none, please so indicate by checking the box: ☒

SCHEDULE F

COMPANY FINANCIAL STATEMENTS

The audited December 31, 2008 financial statements are not yet completed and will be provided to the Investor promptly when available. The remaining Company Financial Statements that were Previously Disclosed pursuant to Section 2.2(h) of the Securities Purchase Agreement – Standard Terms are attached hereto.

Financial Statements

ST. JOHNS BANCSHARES, INC.

December 31, 2006 and 2005

Cummings, Ristau & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

4339 Butler Hill Road
St. Louis, Missouri 63128
Phone (314) 845-6050 Fax (314) 845-5902

Independent Auditors' Report

The Board of Directors
St. Johns Bancshares, Inc.:

We have audited the accompanying consolidated balance sheets of St. Johns Bancshares, Inc. and subsidiary as of December 31, 2006 and 2005, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Johns Bancshares, Inc. and subsidiary as of December 31, 2006 and 2005, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Cummings, Ristau & Associates, P.C.

March 26, 2007

ST. JOHNS BANCSHARES, INC. AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2006 and 2005

ASSETS		2006	2005
Cash and due from banks (note 2)	$	10,655,037	10,259,669
Interest – earning deposits in other financial institutions		137,677	130,996
Investments in debt and equity securities (note 3):			
Available-for-sale (at fair value)		32,298,360	30,101,253
Held-to-maturity, at amortized cost (fair value of $12,334,951 and $10,984,649 at December 31, 2006 and 2005, respectively)		12,311,910	10,948,427
Loans (note 4)		265,917,432	254,689,056
Less:			
Net deferred loan fees/costs		(32,453)	(66,420)
Reserve for possible loan losses		(2,418,997)	(1,884,496)
Net loans		263,465,982	252,738,140
Bank premises and equipment, net (note 5)		8,905,483	8,153,764
Accrued interest receivable		1,632,834	1,416,134
Other real estate owned		2,653,797	3,987,059
Other assets (note 7)		1,379,547	1,369,084
	$	333,440,627	319,104,526
LIABILITIES AND STOCKHOLDERS' EQUITY			
Non-interest-bearing deposits	$	58,697,664	62,015,461
Interest-bearing deposits (note 6)		238,296,532	227,830,061
Total deposits		296,994,196	289,845,522
Short-term borrowings (note 8)		4,924,501	–
Accrued interest payable		631,237	385,542
Other liabilities		444,169	464,546
Total liabilities		302,994,103	290,695,610
Commitments and contingencies (notes 10 and 12)			
Stockholders' equity (notes 11 and 13):			
Common stock, $1 par value; 120,000 shares authorized, 110,096 shares issued and outstanding		110,096	110,096
Surplus		3,573,008	3,573,008
Retained earnings		34,399,651	32,274,837
Treasury stock, at cost – 45,467 and 44,883 shares at December 31, 2006 and 2005, respectively		(7,317,491)	(7,078,132)
Accumulated other comprehensive income – net unrealized holding gains (losses) on available-for-sale debt and equity securities		(318,740)	(470,893)
Total stockholders' equity		30,446,524	28,408,916
	$	333,440,627	319,104,526

See accompanying notes to consolidated financial statements.

ST. JOHNS BANCSHARES, INC. AND SUBSIDIARY

Consolidated Statements of Income

Years ended December 31, 2006 and 2005

	2006	2005
Interest income:		
Interest and fees on loans (note 4)	$ 18,633,437	16,122,693
Interest on debt and equity securities:		
Taxable	1,238,767	1,168,819
Exempt from Federal income taxes	450,668	424,207
Interest on short-term investments	211,526	38,437
Total interest income	20,534,398	17,754,156
Interest expense:		
Interest on deposits (note 6)	7,495,144	4,643,067
Interest on short-term borrowings (note 8)	177,642	53,001
Total interest expense	7,672,786	4,696,068
Net interest income	12,861,612	13,058,088
Provision for possible loan losses (note 4)	675,000	480,000
Net interest income after provision for possible loan losses	12,186,612	12,578,088
Noninterest income:		
Mortgage banking revenues	14,274	30,072
Service charges on deposit accounts	1,887,137	1,686,602
Net gains (losses) on sale of debt and equity securities (note 3)	10,871	(9,850)
Other noninterest income (note 5)	1,011,220	1,010,691
Total noninterest income	2,923,502	2,717,515
Noninterest expense:		
Salaries and employee benefits (note 9)	6,690,376	6,385,996
Occupancy and equipment expense (note 5)	1,869,830	1,879,896
Legal and professional fees	122,836	115,138
Postage, printing and supplies	334,440	330,019
Advertising	390,573	374,876
Other noninterest expense	1,810,809	1,623,763
Total noninterest expense	11,218,864	10,709,688
Income before applicable income taxes	3,891,250	4,585,915
Applicable income taxes (note 7)	1,311,516	1,564,568
Net income	$ 2,579,734	3,021,347

See accompanying notes to consolidated financial statements.

ST. JOHNS BANCSHARES, INC. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

Years ended December 31, 2006 and 2005

	2006	2005
Net income	$ 2,579,734	3,021,347
Other comprehensive income (loss) before tax:		
Net unrealized gains (losses) on available-for-sale securities	241,406	(605,850)
Reclassification adjustment for realized losses (gains) included in net income	(10,871)	9,850
Other comprehensive income (loss), before tax	230,535	(596,000)
Income tax related to items of other comprehensive income (loss)	78,382	(202,640)
Total other comprehensive income (loss), net of tax	152,153	(393,360)
Total comprehensive income	$ 2,731,887	2,627,987

See accompanying notes to consolidated financial statements.

ST. JOHNS BANCSHARES, INC. AND SUBSIDIARY

Consolidated Statements of Stockholders' Equity

Years ended December 31, 2006 and 2005

		Common stock	Surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total stock-holders' equity
Balance at December 31, 2004	$	110,096	3,573,008	29,709,981	(7,078,132)	(77,533)	26,237,420
Net income		–	–	3,021,347	–	–	3,021,347
Cash dividends paid - $7.00 per share		–	–	(456,491)	–	–	(456,491)
Change in valuation of available-for-sale debt and equity securities, net of related tax effect		–	–	–	–	(393,360)	(393,360)
Balance at December 31, 2005		110,096	3,573,008	32,274,837	(7,078,132)	(470,893)	28,408,916
Net income		–	–	2,579,734	–	–	2,579,734
Cash dividends paid - $7.00 per share		–	–	(454,920)	–	–	(454,920)
Purchase of 584 shares for treasury		–	–	–	(239,359)	–	(239,359)
Change in valuation of available-for-sale debt and equity securities, net of related tax effect		–	–	–	–	152,153	152,153
Balance at December 31, 2006	$	110,096	3,573,008	34,399,651	(7,317,491)	(318,740)	30,446,524

See accompanying notes to consolidated financial statements.

ST. JOHNS BANCSHARES, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years ended December 31, 2006 and 2005

		2006	2005
Cash flows from operating activities:			
Net income	$	2,579,734	3,021,347
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		817,652	800,193
Provision for possible loan losses		675,000	480,000
Deferred income tax benefit		(224,766)	(175,054)
Net security sale losses (gains)		(10,871)	9,850
Increase in accrued interest receivable		(216,700)	(131,514)
Increase in accrued interest payable		245,695	124,118
Mortgage loans originated for sale in secondary market		(1,580,500)	(2,651,052)
Mortgage loans sold in secondary market		1,683,500	2,633,052
Other operating activities, net		124,050	(213,327)
Net cash provided by operating activities		4,092,794	3,897,613
Cash flows from investing activities:			
Proceeds from maturities and calls of and principal payments on debt securities:			
Available-for-sale		1,000,000	2,028,330
Held-to-maturity		1,203,441	156,959
Proceeds from sale of available-for-sale debt securities		550,809	3,152,385
Purchases of:			
Available-for-sale debt and equity securities		(3,470,594)	(1,287,580)
Held-to-maturity debt securities		(2,569,643)	(235,000)
Net increase in loans		(11,527,041)	(5,543,110)
Proceeds from sale of other real estate owned		1,346,032	-
Purchases of bank premises and equipment, net		(1,602,645)	(425,678)
Net cash used in investing activities		(15,069,641)	(2,153,694)
Cash flows from financing activities:			
Net increase in deposits		7,148,674	1,033,223
Net increase (decrease) in short-term borrowings		4,924,501	(800,000)
Cash dividends paid		(454,920)	(456,491)
Purchase of treasury stock		(239,359)	-
Net cash provided by (used in) financing activities		11,378,896	(223,268)
Net increase in cash and cash equivalents		402,049	1,520,651
Cash and cash equivalents at beginning of year		10,390,665	8,870,014
Cash and cash equivalents at end of year	$	10,792,714	10,390,665
Supplemental information:			
Cash paid for:			
Interest	$	7,427,091	4,571,950
Federal income taxes		1,359,000	1,301,000
Noncash transactions:			
Loans made to facilitate sale of other real estate owned		38,838	-
Loans transferred to other real estate owned in settlement of loans		17,639	267,758

See accompanying notes to consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Johns Bancshares, Inc. (the Company) provides a full range of banking services to individual and corporate customers and non-profit entities throughout the St. Louis, Missouri metropolitan area, including the counties of St. Louis and St. Charles through the seven branch locations of its wholly-owned subsidiary, St. Johns Bank & Trust Company (the Bank). The Company and Bank are subject to competition from other financial and nonfinancial institutions providing financial products throughout the St. Louis and St. Charles County, Missouri area. Additionally, the Company and Bank are subject to the regulations of certain Federal and state agencies and undergo periodic examinations by those regulatory agencies.

The accounting and reporting policies of the Company conform to generally accepted accounting principles within the banking industry. In compiling the consolidated financial statements, management is required to make estimates and assumptions which may significantly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates that are particularly susceptible to change in a short period of time include the determination of the reserve for possible loan losses and valuation of other real estate owned. Actual results could differ from those estimates.

Following is a description of the more significant of the Company's accounting policies:

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and Bank. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company and Bank use the accrual basis of accounting, which includes in the total of net income all revenues earned and expenses incurred, regardless of when actual cash payments are received or paid. The Company is also required to report comprehensive income, of which net income is a component. Comprehensive income is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from nonowner sources, including all changes in equity during a period, except those resulting from investments by, and distributions to owners.

Cash Flow Information

For purposes of the consolidated statements of cash flows, cash equivalents include due from banks, interest-earning deposits in other financial institutions, and funds sold. Certain balances maintained in other financial institutions generally exceed the level of deposits insured by the Federal Deposit Insurance Corporation.

Investments in Debt and Equity Securities

The Bank classifies its debt securities into one of three categories at the time of purchase: trading, available-for-sale, or held-to-maturity. Trading securities are bought and held principally for the purpose of selling them in the near-term. Held-to-maturity securities are those debt securities that the Bank has the ability and intent to hold until maturity. All other debt securities not included in trading or held-to-maturity, and all equity securities, are classified as available-for-sale.

Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization of premiums or accretion of discounts. Unrealized holding gains and losses on trading securities (for which no securities were so designated at December 31, 2006 and 2005) are included in earnings. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and reported as a component of other comprehensive income in stockholders' equity until realized. Transfers of securities between categories would be recorded at fair value at the date of transfer. Unrealized holding gains and losses would be recognized in earnings for transfers into the trading category.

Mortgage-backed securities represent participating interests in pools of long-term first mortgage loans originated and serviced by the issuers of the securities. Amortization of premiums and accretion of discounts for mortgage-backed securities are recognized as interest income using the interest method, which considers the timing and amount of prepayments of the underlying mortgages in estimating future cash flows for individual mortgage-backed securities. For other debt securities in the available-for-sale and held-to-maturity categories, premiums and discounts are amortized or accreted over the lives of the respective securities, with consideration of historical and estimated prepayment rates, as an adjustment to yield using the interest method. Dividend and interest income are recognized when earned. Realized gains and losses from the sale of any securities are included in earnings and are derived using the specific identification method for determining the cost of securities sold.

A decline in the fair value of any available-for-sale or held-to-maturity security below cost that is deemed other-than-temporary would result in a charge to earnings and the establishment of a new cost basis for the security. To determine whether an impairment is other-than-temporary, the Bank considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reason for impairment, the severity and duration of the impairment, and changes in value after the balance sheet date.

Loans

Interest on loans is credited to income based on the principal amount outstanding. Loans are considered delinquent whenever interest and/or principal payments have not been received when due. The Bank considers a loan impaired when it will be unable to collect all amounts due - both principal and interest - according to the contractual terms of the loan agreement. When measuring impairment for such loans, the expected future cash flows of an impaired loan are discounted at the loan's effective interest rate. Alternatively, impairment is measured by reference to an observable market price, if one exists, or the fair value of the collateral for a collateral-dependent loan; however, the Bank measures impairment based on the fair value of the collateral when foreclosure is probable. The recognition of interest income on impaired loans is discontinued when, in management's judgment, the interest will not be collectible in the normal course of business. Subsequent payments received on such loans are applied to principal if any doubt exists as to the collectibility of such principal; otherwise, such receipts are recorded as interest income. Loans are returned to accrual status when management believes full collectibility of principal and interest is expected.

Loan origination fees and certain direct loan origination costs are deferred and recognized as an adjustment to interest income over the lives of the related loans using the interest method.

The reserve for possible loan losses is available to absorb loan charge-offs. The reserve is increased by provisions charged to operations and is reduced by loan charge-offs less recoveries. Loans are partially or fully charged off when Bank management believes such amounts are uncollectible, either through collateral liquidation or cash payment. The provision charged to operations each year is that amount which management believes is sufficient to bring the balance of the reserve to a level adequate to absorb potential loan losses, based on their knowledge and evaluation of past losses, the current loan portfolio, and the current economic environment in which the borrowers of the Bank operate.

Management believes the reserve for possible loan losses is adequate to absorb losses in the loan portfolio. While management uses available information to recognize losses on loans, future additions to the reserve may be necessary based on changes in economic conditions. Additionally, various regulatory agencies, as an integral part of the examination process, periodically review the Bank's reserve for possible loan losses. Such agencies may require the Bank to add to the reserve for possible loan losses based on their judgments and interpretations about information available to them at the time of their examinations.

Bank Premises and Equipment

Bank premises and equipment are stated at cost, less accumulated depreciation. Depreciation of premises and equipment is computed over the expected lives of the assets, using the straight-line method. Estimated useful lives are generally 50 years for premises and three to 20 years for building improvements, furniture, fixtures, and equipment. Expenditures for major renewals and betterments of bank premises and equipment, including interest expense incurred during construction, are capitalized, and those for maintenance and repairs are expensed as incurred.

Bank premises and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used would be measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets were considered to be impaired, the impairment to be recognized would be measured by the amount by which the carrying amount of the assets exceeded the fair value of the assets. Assets to be disposed of would be reported at the lower of the carrying amount or fair value, less estimated selling costs.

Other Real Estate Owned

Other real estate owned represents property acquired through foreclosure, or deeded to the Bank in lieu of foreclosure, for loans on which borrowers have defaulted as to payment of principal and interest. Properties acquired are initially recorded at the lower of the Bank's cost or fair value less estimated selling costs. Valuations are periodically performed by management, and an allowance for losses is established by means of a charge to noninterest expense if the carrying value of a property exceeds its fair value less estimated selling costs. Subsequent increases in the fair value less estimated selling costs are recorded through a reversal of the allowance, but not below zero. Costs related to developing and improving property are capitalized, while costs relating to holding the property are expensed.

Securities Sold Under Repurchase Agreements

The Bank enters into sales of securities under agreements to repurchase at specified future dates. Such repurchase agreements are considered financing arrangements and, accordingly, the obligation to repurchase assets sold is reflected as a liability in the consolidated balance sheets. Repurchase agreements are collateralized by debt securities which are under the control of the Bank.

Income Taxes

The Company and Bank file consolidated Federal and state income tax returns. Applicable income taxes are computed based on reported income and expenses, adjusted for permanent differences between reported and taxable income.

The Company uses the asset and liability method of accounting for income taxes, in which deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period which includes the enactment date.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, an Interpretation of Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. FASB Interpretation No. 48 (FIN 48) clarifies the accounting for uncertainty in income taxes in financial statements and prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken. The Interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The cumulative effect (if any) of this change in accounting principle will be recorded as an adjustment to retained earnings in the Company's 2007 financial statements. The Company is currently evaluating the requirements of FIN 48 to determine the impact on its financial condition and results of operations.

Mortgage Banking Operations
The Bank operates a mortgage banking department which originates long-term, fixed rate mortgage loans for sale (without recourse) in the secondary market. Servicing rights are not retained on the loans originated and sold. Upon receipt of an application for a residential real estate loan, the mortgage banking department generally locks in an interest rate with the applicable investor and, at the same time, locks into an interest rate with the customer. This practice minimizes the exposure to risk resulting from interest rate fluctuations. Upon disbursement of the loan proceeds to the customer, the loan is delivered to the applicable investor. Sales proceeds are generally received within two to seven days later. Therefore, no loans held for sale are included in the Bank's loan portfolio at any point in time, except those loans for which the sale proceeds have not yet been received. Such loans are maintained at the lower of cost or market value, based on the outstanding commitment from the applicable investors for such loans. Gains and losses on the sale of these loans and the effects of market adjustments are included as mortgage banking revenues in noninterest income in the consolidated statements of income. Loan origination fees are recognized upon the sale of the related loans and included in the consolidated statements of income as mortgage banking revenues in noninterest income.

Financial Instruments
For purposes of information included in note 12 regarding disclosures about financial instruments, financial instruments are defined as cash, evidence of an ownership interest in an entity, or a contract that both (a) imposes on one entity a contractual obligation to deliver cash or another financial instrument to a second entity or to exchange other financial instruments on potentially unfavorable terms with the second entity, and (b) conveys to that second entity a contractual right to receive cash or another financial instrument from the first entity or to exchange other financial instruments on potentially favorable terms with the first entity.

Reclassifications
Certain reclassifications have been made to the 2005 consolidated financial statement amounts to conform to the 2006 presentation.

NOTE 2 - CASH AND DUE FROM BANKS
The Bank is required to maintain certain daily reserve balances on hand in accordance with regulatory requirements. The reserve balances maintained in accordance with such requirements at December 31, 2006 and 2005 were approximately $4,737,000 and $4,982,000, respectively.

NOTE 3 - INVESTMENTS IN DEBT AND EQUITY SECURITIES

The amortized cost, gross unrealized gains and losses, and estimated fair values of debt and equity securities classified as available-for-sale at December 31, 2006 and 2005 are as follows:

2006	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Obligations of U.S. Government agencies and corporations	$ 32,292,677	7,036	(490,053)	31,809,660
Equity securities	488,700	–	–	488,700
	$ 32,781,377	7,036	(490,053)	32,298,360

2005	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
U.S. Treasury issues and obligations of U.S. Government agencies and corporations	$ 30,260,995	3,252	(716,001)	29,548,246
Mortgage-backed securities	68,233	–	(726)	67,507
Equity securities	485,500	–	–	485,500
	$ 30,814,728	3,252	(716,727)	30,101,253

The Bank's equity securities at December 31, 2006 and 2005 include common stock in the Federal Home Loan Bank of Des Moines, which is administered by the Federal Housing Finance Board. As a member of the Federal Home Loan Bank System, the Bank must maintain a minimum investment in the capital stock of the Federal Home Loan Bank of Des Moines. The stock is recorded at cost, which represents redemption value. The Bank's membership in the Federal Home Loan Bank of Des Moines provides the availability of borrowings therefrom, which are secured by residential real estate mortgage loans included in the Bank's loan portfolio. At December 31, 2006 and 2005, the Bank had no advances borrowed from the Federal Home Loan Bank of Des Moines. The total line of credit available at December 31, 2006 was $15,971,259.

The amortized cost and estimated fair values of debt and equity securities classified as available-for-sale at December 31, 2006, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities, because certain issuers have the right to call or prepay obligations with or without prepayment penalties.

	Amortized cost	Estimated fair value
Due one year or less	$ 7,136,638	7,078,708
Due one year through five years	25,156,039	24,730,952
Equity securities	488,700	488,700
	$ 32,781,377	32,298,360

The amortized cost, gross unrealized gains and losses, and estimated fair values of debt securities classified as held-to-maturity at December 31, 2006 and 2005 are as follows:

2006	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Obligations of states and political subdivisions	$ 11,671,643	84,051	(64,893)	11,690,801
Mortgage-backed securities	640,267	3,883	-	644,150
	$ 12,311,910	87,934	(64,893)	12,334,951

2005	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Obligations of states and political subdivisions	$ 10,636,854	87,284	(60,128)	10,664,010
Mortgage-backed securities	311,573	9,066	-	320,639
	$ 10,948,427	96,350	(60,128)	10,984,649

The amortized cost and estimated fair value of debt securities classified as held-to-maturity at December 31, 2006, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities, because certain issuers have the right to call or prepay obligations with or without prepayment penalties.

	Amortized cost	Estimated fair value
Due one year or less	$ 564,930	565,871
Due one year through five years	2,158,873	2,161,339
Due after five through ten years	5,055,000	5,017,847
Due over ten years	3,892,840	3,945,744
Mortgage-backed securities	640,267	644,150
	$ 12,311,910	12,334,951

Provided below is a summary of available-for sale and held-to-maturity securities which were in an unrealized loss position at December 31, 2006. The obligations of U.S. Government agencies with unrealized losses at December 31, 2006 are primarily issued from and guaranteed by the Federal Home Loan Bank, Federal National Mortgage Association or Federal Home Loan Mortgage Corporation. Obligations of states and political subdivisions in an unrealized loss position are primarily comprised of highly-rated municipal bonds. The Bank has the ability and intent to hold these securities until such time as the value recovers or the securities mature. Further, the Bank believes that the deterioration in value is attributable to changes in market interest rates and not the credit quality of the issuers.

	Less than 12 months		12 months or more		Total	
	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses
Obligations of U.S. Government agencies and corporations	$ 2,994,536	4,188	25,810,796	485,865	28,805,332	490,053
Obligations of states and political subdivisions	214,575	425	4,637,009	64,468	4,851,584	64,893
	$ 3,209,111	4,613	30,447,805	550,333	33,656,916	554,946

The carrying value of debt securities pledged to secure public funds, securities sold under repurchase agreements, and for other purposes amounted to approximately $30,960,000 and $21,065,000 at December 31, 2006 and 2005, respectively.

During 2006 and 2005, certain available for sale securities were sold for proceeds totaling $550,809 and $3,152,385, respectively, resulting in gross gains and losses of $12,798 and $1,927, respectively, in 2006, and gross losses $9,850 in 2005.

NOTE 4 - LOANS

The composition of the loan portfolio at December 31, 2006 and 2005 is as follows:

	2006	2005
Commercial:		
Real estate	$ 137,037,535	143,478,591
Municipal obligations	676,542	388,880
Other	16,125,941	15,185,970
Real estate:		
Construction	45,924,061	39,845,522
Residential	60,018,216	49,294,647
Residential – held for sale	–	103,000
Consumer	6,048,754	6,238,748
Overdrafts	86,383	153,698
	$ 265,917,432	254,689,056

The Bank grants commercial, industrial, residential, and consumer loans throughout the St. Louis metropolitan area, including St. Louis and St. Charles Counties in Missouri. The Bank does not have any particular concentration of credit in any one economic sector; however, a substantial portion of the portfolio is concentrated in and secured by real estate in the two-county area. The ability of the Bank's borrowers to honor their contractual obligations is dependent upon the local economy and its effect on the real estate market.

The aggregate amount of loans to executive officers and directors and loans made for the benefit of executive officers and directors was $9,629,239 and $10,096,474 at December 31, 2006 and 2005, respectively. Such loans were made in the normal course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons, and did not involve more than the normal risk of collectibility. A summary of activity for loans to executive officers and directors for the year ended December 31, 2006 is as follows:

Balance, December 31, 2005	$	10,096,474
New loans made		3,221,431
Payments received		(3,688,666)
Balance, December 31, 2006	$	9,629,239

At December 31, 2006 and 2005, the Bank had a total of $3,889,846 and $835,110, respectively, of loans that were considered impaired, all of which have had the accrual of interest discontinued. The Bank had allocated $194,492 and $41,756 of the reserve for possible loan losses for all impaired loans at December 31, 2006 and 2005, respectively. Had these impaired loans continued to accrue interest, the Bank would have earned $142,828 and $83,493 for the years ended December 31, 2006 and 2005, respectively, rather than the $268 and $2,201, respectively, earned thereon on a cash basis. The average balances of impaired loans for the years ended December 31, 2006 and 2005 were $1,753,939 and $889,270, respectively. The Bank also had approximately $427,000 and $1,900,000 of loans at December 31, 2006 and 2005, respectively, that were delinquent 90 days or more and still accruing interest.

Transactions in the reserve for possible loan losses for the years ended December 31, 2006 and 2005 are summarized as follows:

	2006	2005
Balance, January 1	$ 1,884,496	1,654,416
Provision charged to operations	675,000	480,000
Recoveries of loans previously charged off	106,142	43,955
Loans charged off	(246,641)	(293,875)
Balance, December 31	$ 2,418,997	1,884,496

NOTE 5 - BANK PREMISES AND EQUIPMENT

A summary of bank premises and equipment at December 31, 2006 and 2005 is as follows:

	2006	2005
Land	$ 2,761,947	1,768,791
Buildings and improvements	10,067,336	9,884,333
Furniture, fixtures, and equipment	4,445,419	5,531,462
	17,274,702	17,184,586
Less accumulated depreciation	8,369,219	9,030,822
	$ 8,905,483	8,153,764

Amounts charged to noninterest expense for depreciation aggregated $850,926 and $836,430 for the years ended December 31, 2006 and 2005, respectively.

The Bank leases certain premises under a noncancelable operating lease agreement that will expire in 2008, with renewal options available. Minimum rental commitments under this noncancelable operating lease at December 31, 2006 for each of the next two years and in the aggregate were as follows:

Year ending December 31:		
2007	$	55,471
2008		36,980
Total minimum payments required	$	92,451

Total rent expense charged to occupancy and equipment expense was $55,471 for both 2006 and 2005. The Bank also leases out space in certain of its facilities to unaffiliated tenants under cancelable and noncancelable lease agreements that expire at various dates through 2009. Total rental income included in other noninterest income in the Company's statements of income for the years ended December 31, 2006 and 2005 was $212,638 and $234,633, respectively. Minimum rental commitments payable to the Bank under noncancelable leases at December 31, 2006 for each of the next three years and in the aggregate were as follows:

Year ending December 31:		
2007	$	139,389
2008		90,051
2009		25,252
Total minimum payments required	$	254,692

NOTE 6 - INTEREST-BEARING DEPOSITS

A summary of interest-bearing deposits at December 31, 2006 and 2005 is as follows:

	2006	2005
Interest-bearing transaction accounts	$ 88,991,328	91,693,728
Savings	36,726,246	41,927,451
Time deposits:		
Less than $100,000	96,079,507	76,777,925
$100,000 and over	16,499,451	17,430,957
	$ 238,296,532	227,830,061

Deposits of executive officers and directors and their related interests totaled $2,935,209 and $2,159,909 at December 31, 2006 and 2005, respectively.

Interest expense on deposits for the years ended December 31, 2006 and 2005 is summarized as follows:

	2006	2005
Interest-bearing transaction accounts	$ 2,290,121	1,342,717
Savings	777,810	623,913
Time deposits:		
Less than $100,000	3,638,976	2,202,748
$100,000 and over	788,237	473,689
	$ 7,495,144	4,643,067

Following are the maturities of time deposits for each of the next five years and in the aggregate at December 31, 2006:

Year ending December 31:	
2007	$ 75,811,073
2008	20,149,922
2009	6,924,576
2010	3,358,149
2011	6,322,916
After 2011	12,322
	$ 112,578,958

NOTE 7 - INCOME TAXES

The components of income tax expense for the years ended December 31, 2006 and 2005 are as follows:

	2006	2005
Current:		
Federal	$ 1,365,575	1,539,744
State	170,707	199,878
Deferred	(224,766)	(175,054)
	$ 1,311,516	1,564,568

A reconciliation of expected income tax expense computed by applying the Federal statutory rate of 34% to income before applicable income taxes, for the years ended December 31, 2006 and 2005, is as follows:

	2006	2005
Expected statutory Federal income tax	$ 1,323,025	1,559,211
Tax-exempt interest income	(144,592)	(140,564)
State income taxes, net of Federal benefit	112,667	131,919
Other, net	20,416	14,002
	$ 1,311,516	1,564,568

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31, 2006 and 2005 are presented below:

		2006	2005
Deferred tax assets:			
Reserve for possible loan losses	$	701,099	503,013
Other real estate owned		13,856	13,856
Unrealized net holding losses on available-for-sale securities		164,277	242,582
Other, net		45,864	32,661
Total deferred tax assets		925,096	792,112
Deferred tax liabilities:			
Bank premises and equipment		(536,792)	(628,070)
Other, net		(152,293)	(74,492)
Total deferred tax liabilities		(689,085)	(702,562)
Net deferred tax assets	$	236,011	89,550

The Company is required to provide a valuation reserve on deferred tax assets when it is more likely than not that some portion of the assets will not be realized. The Company has not established a valuation reserve at December 31, 2006 and 2005, due to management's belief that all criteria for recognition have been met, including the existence of a history of taxes paid sufficient to support the realization of deferred tax assets.

NOTE 8 - SHORT-TERM BORROWINGS

Following is a summary of short-term borrowings at December 31, 2006 and 2005:

		2006	2005
Federal funds purchased	$	1,250,000	-
Securities sold under repurchase agreements		3,674,501	-
	$	4,924,501	-

Securities sold under repurchase agreements are collateralized by debt securities consisting of obligations of U.S. Government corporations and agencies which had an aggregate carrying value of $3,964,897 at December 31, 2006. The Bank also borrows Federal funds purchased on a daily basis to meet short-term liquidity needs. The average balances, weighted average interest rates paid, and maximum month-end amounts outstanding for the years ended December 31, 2006 and 2005, and the average rates at each year end for Federal funds purchased and securities sold under repurchase agreements are as follows:

		2006	2005
Average balance	$	3,525,119	1,660,274
Weighted average interest rate paid during the year		5.04%	3.19%
Maximum amount outstanding at any month-end	$	13,450,000	8,620,000
Average rate at end of year		5.64%	-%

NOTE 9 - EMPLOYEE BENEFIT PLANS

The Bank sponsors a contributory 401(k) profit-sharing plan to provide retirement benefits to eligible employees. The Plan provides for the Bank to match employee contributions up to a certain level. Contributions made by the Bank under the plan were $155,336 and $151,950 for the years ended December 31, 2006 and 2005, respectively.

NOTE 10 - LITIGATION

During the normal course of business, various legal claims have arisen which, in the opinion of management, will not result in any material liability to the Company.

NOTE 11 - PARENT COMPANY FINANCIAL INFORMATION

Subsidiary bank dividends are the principal source of funds for the payment of dividends by the Company to its stockholders and for debt servicing. The Bank is subject to regulation by regulatory authorities that require the maintenance of minimum capital requirements. As of December 31, 2006, there are no regulatory restrictions, other than maintenance of minimum capital standards, as to the amount of dividends the Bank may pay.

Following are condensed balance sheets as of December 31, 2006 and 2005 and the related condensed schedules of income and cash flows for the years then ended of the Company (parent company only):

Condensed Balance Sheets	2006	2005
Assets:		
Cash	$ 53,996	58,944
Investment in subsidiary bank	30,244,121	28,188,919
Fixed assets, net	142,544	152,993
Other assets	5,863	8,060
Total assets	$ 30,446,524	28,408,916
Total stockholders' equity	$ 30,446,524	28,408,916

Condensed Schedules of Income	2006	2005
Revenue:		
Cash dividends from subsidiary bank	$ 690,000	470,000
Miscellaneous income	1,425	1,980
Total revenues	691,425	471,980
Miscellaneous expenses	21,542	25,123
Income before income tax benefits and equity in undistributed income of subsidiary bank	669,883	446,857
Income tax benefits	6,800	7,800
	676,683	454,657
Equity in undistributed income of subsidiary bank	1,903,051	2,566,690
Net income	$ 2,579,734	3,021,347

Condensed Schedules of Cash Flows	2006	2005
Cash at beginning of year	$ 58,944	55,131
Cash flows from operating activities:		
Net income	2,579,734	3,021,347
Adjustments to reconcile net income to net cash provided by operating activities:		
Undistributed income of subsidiary bank	(1,903,051)	(2,566,690)
Other, net	12,648	5,647
Net cash provided by operating activities	689,331	460,304
Cash flows from financing activities:		
Cash dividends paid	(454,920)	(456,491)
Purchase of treasury stock	(239,359)	–
Net cash used in financing activities	(694,279)	(456,491)
Net increase (decrease) in cash	(4,948)	3,813
Cash at end of year	$ 53,996	58,944

NOTE 12 - DISCLOSURES ABOUT FINANCIAL INSTRUMENTS

The Bank issues financial instruments with off-balance-sheet risk in the normal course of the business of meeting the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit and may involve, to varying degrees, elements of credit risk in excess of the amounts recognized in the consolidated balance sheets. The contractual amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for financial instruments included on the balance sheet. Following is a summary of the Company's off-balance-sheet financial instruments at December 31, 2006 and 2005:

	2006	2005
Financial instruments for which contractual amounts represent:		
Commitments to extend credit	$ 68,464,987	60,143,663
Standby letters of credit	2,380,574	2,178,475
	$ 70,845,561	62,322,138

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Of the total commitments to extend credit at December 31, 2006, $9,610,768 was made at fixed rates of interest. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since certain of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but is generally residential or income-producing commercial property or equipment, on which the Bank generally maintains a superior lien.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Following is a summary of the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2006 and 2005:

		2006		2005	
		Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Balance sheet assets:					
Cash and due from banks	$	10,792,714	10,792,714	10,390,665	10,390,665
Investments in debt and equity securities		44,610,270	44,633,311	41,049,680	41,085,902
Loans, net		263,465,982	261,469,390	252,738,140	246,339,144
Accrued interest receivable		1,632,834	1,632,834	1,416,134	1,416,134
	$	320,501,800	318,528,249	305,594,619	299,231,845
Balance sheet liabilities:					
Deposits	$	296,994,196	297,482,583	289,845,522	289,044,986
Short term borrowings		4,924,501	4,924,501	-	-
Accrued interest payable		631,237	631,237	385,542	385,542
	$	302,549,934	303,038,321	290,231,064	289,430,528

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash and Other Short-Term Instruments

For cash and due from banks (including interest-earning deposits in financial institutions), funds sold, accrued interest receivable (payable), and short-term borrowings, the carrying amount is a reasonable estimate of fair value, as such instruments are due on demand and/or reprice in a short time period.

Investments in Debt and Equity Securities

Fair values are based on quoted market prices or dealer quotes.

Loans

For certain homogeneous categories of loans, such as residential mortgages and other consumer loans, fair value is estimated using the quoted market prices for securities backed by similar loans, adjusted for differences in loan characteristics. The fair value of other types of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and with the same remaining maturities.

Deposits

The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

Commitments to Extend Credit and Standby Letters of Credit

The fair value of commitments to extend credit and standby letters of credit are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements, the likelihood of the counterparties drawing on such financial instruments, and the present creditworthiness of such counterparties. The Company believes such commitments have been made on terms which are competitive in the markets in which it operates.

NOTE 13 - REGULATORY MATTERS

The Company and Bank are subject to various regulatory capital requirements administered by the Federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory - and possible additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of the Company's and Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Company's and Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to average assets (as defined). By regulation, the capital adequacy guidelines for bank holding companies with total consolidated assets of less than $500 million are applied on a bank-only basis. Accordingly, the Company's consolidated capital levels were not subject to such guidelines at December 31, 2006 or 2005; however, such guidelines will become applicable should the Company's consolidated total assets grow to over $500 million. Company management believes, as of December 31, 2006, that the Company and Bank meet all capital adequacy requirements to which they are subject.

As of December 31, 2006, the most recent notification from applicable regulatory authorities categorized the Bank as a well capitalized bank under the regulatory framework for prompt corrective action. To be categorized as a well capitalized bank, the Bank must maintain minimum Total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table below. There are no conditions or events since that notification that Bank management believes have changed the Bank's risk category.

The actual capital amounts for the Bank at December 31, 2006 and 2005 are presented in the following table:

	Actual		For Capital Adequacy Purposes		To Be a Well Capitalized Bank Under Prompt Corrective Action Provision	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(in thousands of dollars)					
Total capital (to risk-weighted assets):						
2006	**$ 32,982**	**11.85%**	**$ 22,270**	**≥8.0%**	**$ 27,838**	**≥10.0%**
2005	30,544	11.37%	21,497	≥8.0%	26,871	≥10.0%
Tier 1 capital (to risk-weighted assets):						
2006	**$ 30,563**	**10.98%**	**$ 11,135**	**≥4.0%**	**$ 16,703**	**≥6.0%**
2005	28,660	10.67%	10,749	≥4.0%	16,123	≥6.0%
Tier 1 capital (to average assets):						
2006	**$ 30,563**	**9.26%**	**$ 13,199**	**≥4.0%**	**$ 16,499**	**≥5.0%**
2005	28,660	9.09%	12,615	≥4.0%	15,768	≥5.0%

Financial Statements

ST. JOHNS BANCSHARES, INC.

December 31, 2007 and 2006

Cummings, Ristau & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

4339 Butler Hill Road
St. Louis, Missouri 63128
Phone (314) 845-6050 Fax (314) 845-5902

Independent Auditors' Report

The Board of Directors
St. Johns Bancshares, Inc.:

We have audited the accompanying consolidated balance sheets of St. Johns Bancshares, Inc. and subsidiary as of December 31, 2007 and 2006, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Johns Bancshares, Inc. and subsidiary as of December 31, 2007 and 2006, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Cummings, Ristau & Associates, P.C.

March 28, 2008

ST. JOHNS BANCSHARES, INC. AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2007 and 2006

ASSETS	2007	2006
Cash and due from banks (note 2)	$ 13,498,976	10,655,037
Interest - earning deposits in other financial institutions	117,087	137,677
Investments in debt and equity securities (note 3):		
Available-for-sale (at fair value)	45,473,712	32,298,360
Held-to-maturity, at amortized cost (fair value of $15,860,218 and $12,334,951 at December 31, 2007 and 2006, respectively)	15,727,808	12,311,910
Loans (notes 4 and 9)	261,335,984	265,917,432
Less:		
Net deferred loan fees/costs	(29,728)	(32,453)
Reserve for possible loan losses	(3,423,804)	(2,418,997)
Net loans	257,882,452	263,465,982
Bank premises and equipment, net (note 5)	8,339,394	8,905,483
Accrued interest receivable	1,824,822	1,632,834
Other real estate owned	5,229,645	2,653,797
Other assets (note 7)	1,626,712	1,379,547
	$ 349,720,608	333,440,627

LIABILITIES AND STOCKHOLDERS' EQUITY	2007	2006
Deposits (note 6):		
Non-interest-bearing deposits	$ 51,497,110	58,697,664
Interest-bearing deposits	247,373,080	238,296,532
Total deposits	298,870,190	296,994,196
Short-term borrowings (note 8)	3,208,133	4,924,501
Federal Home Loan Bank Advances (note 9)	15,000,000	-
Accrued interest payable	670,470	631,237
Other liabilities	609,753	444,169
Total liabilities	318,358,546	302,994,103
Commitments and contingencies (notes 11 and 12)		
Stockholders' equity (note 13):		
Common stock, $1 par value; 120,000 shares authorized, 110,096 shares issued and outstanding	110,096	110,096
Surplus	3,573,008	3,573,008
Retained earnings	34,932,318	34,399,651
Treasury stock, at cost - 45,570 and 45,467 shares at December 31, 2007 and 2006, respectively	(7,362,916)	(7,317,491)
Accumulated other comprehensive income - net unrealized holding gains (losses) on available-for-sale debt and equity securities	109,556	(318,740)
Total stockholders' equity	31,362,062	30,446,524
	$ 349,720,608	333,440,627

See accompanying notes to consolidated financial statements.

ST. JOHNS BANCSHARES, INC. AND SUBSIDIARY

Consolidated Statements of Income

Years ended December 31, 2007 and 2006

	2007	2006
Interest income:		
Interest and fees on loans (note 4)	$ 19,069,789	18,633,437
Interest on debt and equity securities:		
Taxable	1,742,374	1,238,767
Exempt from Federal income taxes	511,128	450,668
Interest on short-term investments	622,082	211,526
Total interest income	21,945,373	20,534,398
Interest expense:		
Interest on deposits (note 6)	9,089,950	7,495,144
Interest on Federal Home Loan Advance (note 9)	673,100	-
Interest on short-term borrowings (note 8)	277,292	177,642
Total interest expense	10,040,342	7,672,786
Net interest income	11,905,031	12,861,612
Provision for possible loan losses (note 4)	2,790,000	675,000
Net interest income after provision for possible loan losses	9,115,031	12,186,612
Noninterest income:		
Mortgage banking revenues	29,590	14,274
Service charges on deposit accounts	1,922,987	1,887,137
Net gains on sale of debt and equity securities (note 3)	-	10,871
Other noninterest income (note 5)	1,157,989	1,011,220
Total noninterest income	3,110,566	2,923,502
Noninterest expense:		
Salaries and employee benefits (note 10)	6,703,281	6,690,376
Occupancy and equipment expense (note 5)	1,872,255	1,869,830
Legal and professional fees	184,513	122,836
Postage, printing and supplies	323,438	334,440
Advertising	294,295	390,573
Other noninterest expense	1,741,190	1,810,809
Total noninterest expense	11,118,972	11,218,864
Income before applicable income taxes	1,106,625	3,891,250
Applicable income taxes (note 7)	121,736	1,311,516
Net income	$ 984,889	2,579,734

See accompanying notes to consolidated financial statements.

ST. JOHNS BANCSHARES, INC. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

Years ended December 31, 2007 and 2006

	2007	2006
Net income	$ 984,889	2,579,734
Other comprehensive income before tax:		
Net unrealized gains (losses) on available-for-sale securities	648,933	241,406
Reclassification adjustment for realized gains included in net income	-	(10,871)
Other comprehensive income, before tax	648,933	230,535
Income tax related to items of other comprehensive income	220,637	78,382
Total other comprehensive income, net of tax	428,296	152,153
Total comprehensive income	$ 1,413,185	2,731,887

See accompanying notes to consolidated financial statements.

ST. JOHNS BANCSHARES, INC. AND SUBSIDIARY

Consolidated Statements of Stockholders' Equity

Years ended December 31, 2007 and 2006

		Common stock	Surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total stock-holders' equity
Balance at December 31, 2005	$	110,096	3,573,008	32,274,837	(7,078,132)	(470,893)	28,408,916
Net income		–	–	2,579,734	–	–	2,579,734
Cash dividends paid - $7.00 per share		–	–	(454,920)	–	–	(454,920)
Purchase of 584 shares for treasury		–	–	–	(239,359)	–	(239,359)
Change in valuation of available-for-sale debt and equity securities, net of related tax effect		–	–	–	–	152,153	152,153
Balance at December 31, 2006		110,096	3,573,008	34,399,651	(7,317,491)	(318,740)	30,446,524
Net income		–	–	984,889	–	–	984,889
Cash dividends paid - $7.00 per share		–	–	(452,222)	–	–	(452,222)
Purchase of 108 shares for treasury		–	–	–	(47,600)	–	(47,600)
Sale of five shares from treasury		–	–	–	2,175	–	2,175
Change in valuation of available-for-sale debt and equity securities, net of related tax effect		–	–	–	–	428,296	428,296
Balance at December 31, 2007	$	110,096	3,573,008	34,932,318	(7,362,916)	109,556	31,362,062

See accompanying notes to consolidated financial statements.

ST. JOHNS BANCSHARES, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years ended December 31, 2007 and 2006

		2007	2006
Cash flows from operating activities:			
Net income	$	984,889	2,579,734
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		743,695	817,652
Provision for possible loan losses		2,790,000	675,000
Deferred income tax benefit		(389,846)	(224,766)
Net security sale gains		-	(10,871)
Increase in accrued interest receivable		(191,988)	(216,700)
Increase in accrued interest payable		39,233	245,695
Mortgage loans originated for sale in secondary market		(3,120,210)	(1,580,500)
Mortgage loans sold in secondary market		3,120,210	1,683,500
Other operating activities, net		76,680	124,050
Net cash provided by operating activities		4,052,663	4,092,794
Cash flows from investing activities:			
Proceeds from maturities and calls of and principal payments on debt securities:			
Available-for-sale		14,140,000	1,000,000
Held-to-maturity		878,422	1,203,441
Proceeds from sale of available-for-sale debt securities		-	550,809
Purchases of:			
Available-for-sale debt and equity securities		(26,625,325)	(3,470,594)
Held-to-maturity debt securities		(4,295,000)	(2,569,643)
Net (increase) decrease in loans		635,014	(11,527,041)
Proceeds from sale of other real estate owned		61,849	1,346,032
Purchase of prior lien on other real estate owned		(468,234)	-
Purchases of bank premises and equipment, net		(218,019)	(1,602,645)
Net cash used in investing activities		(15,891,293)	(15,069,641)
Cash flows from financing activities:			
Net increase in deposits		1,875,994	7,148,674
Net increase (decrease) in short-term borrowings		(1,716,368)	4,924,501
Net increase in Federal Home Loan Bank borrowings		15,000,000	-
Cash dividends paid		(452,222)	(454,920)
Sale of treasury stock		2,175	-
Purchase of treasury stock		(47,600)	(239,359)
Net cash provided by financing activities		14,661,979	11,378,896
Net increase in cash and cash equivalents		2,823,349	402,049
Cash and cash equivalents at beginning of year		10,792,714	10,390,665
Cash and cash equivalents at end of year	$	13,616,063	10,792,714
Supplemental information:			
Cash paid for:			
Interest	$	10,001,109	7,427,091
Federal income taxes		652,000	1,359,000
Noncash transactions:			
Loans made to facilitate sale of other real estate owned		-	38,838
Loans transferred to other real estate owned in settlement of loans		2,158,516	17,639

See accompanying notes to consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Johns Bancshares, Inc. (the Company) provides a full range of banking services to individual and corporate customers and non-profit entities throughout the St. Louis, Missouri metropolitan area, including the counties of St. Louis and St. Charles, through the seven branch locations of its wholly-owned subsidiary, St. Johns Bank & Trust Company (the Bank). The Company and Bank are subject to competition from other financial and nonfinancial institutions providing financial products throughout the St. Louis and St. Charles County, Missouri area. Additionally, the Company and Bank are subject to the regulations of certain Federal and state agencies and undergo periodic examinations by those regulatory agencies.

The accounting and reporting policies of the Company conform to generally accepted accounting principles within the banking industry. In compiling the consolidated financial statements, management is required to make estimates and assumptions which may significantly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates that are particularly susceptible to change in a short period of time include the determination of the reserve for possible loan losses and valuation of other real estate owned. Actual results could differ from those estimates.

Following is a description of the more significant of the Company's accounting policies:

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and Bank. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company and Bank use the accrual basis of accounting, which includes in the total of net income all revenues earned and expenses incurred, regardless of when actual cash payments are received or paid. The Company is also required to report comprehensive income, of which net income is a component. Comprehensive income is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from nonowner sources, including all changes in equity during a period, except those resulting from investments by, and distributions to owners, and cumulative effects of any accounting changes recorded directly to retained earnings.

Cash Flow Information

For purposes of the consolidated statements of cash flows, cash equivalents include due from banks, interest-earning deposits in other financial institutions, and funds sold. Certain balances maintained in other financial institutions generally exceed the level of deposits insured by the Federal Deposit Insurance Corporation.

Investments in Debt and Equity Securities

The Bank classifies its debt securities into one of three categories at the time of purchase: trading, available-for-sale, or held-to-maturity. Trading securities are bought and held principally for the purpose of selling them in the near-term. Held-to-maturity securities are those debt securities that the Bank has the ability and intent to hold until maturity. All other debt securities not included in trading or held-to-maturity, and all equity securities, are classified as available-for-sale.

Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization of premiums or accretion of discounts. Unrealized holding gains and losses on trading securities (for which no securities were so designated at December 31, 2007 and 2006) are included in earnings. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and reported as a component of other comprehensive income in stockholders' equity until realized. Transfers of securities between categories would be recorded at fair value at the date of transfer. Unrealized holding gains and losses would be recognized in earnings for transfers into the trading category.

Mortgage-backed securities represent participating interests in pools of long-term first mortgage loans originated and serviced by the issuers of the securities. Amortization of premiums and accretion of discounts for mortgage-backed securities are recognized as interest income using the interest method, which considers the timing and amount of prepayments of the underlying mortgages in estimating future cash flows for individual mortgage-backed securities. For other debt securities, premiums and discounts are amortized or accreted over the lives of the respective securities, with consideration of historical and estimated prepayment rates, as an adjustment to yield using the interest method. Dividend and interest income are recognized when earned. Realized gains and losses from the sale of any securities are included in earnings and are derived using the specific identification method for determining the cost of securities sold.

A decline in the fair value of any available-for-sale or held-to-maturity security below cost that is deemed other-than-temporary would result in a charge to earnings and the establishment of a new cost basis for the security. To determine whether an impairment is other-than-temporary, the Bank considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reason for impairment, the severity and duration of the impairment, and changes in value after the balance sheet date.

Loans

Interest on loans is credited to income based on the principal amount outstanding. Loans are considered delinquent whenever interest and/or principal payments have not been received when due. The Bank considers a loan impaired when it will be unable to collect all amounts due - both principal and interest - according to the contractual terms of the loan agreement. When measuring impairment for such loans, the expected future cash flows of an impaired loan are discounted at the loan's effective interest rate. Alternatively, impairment is measured by reference to an observable market price, if one exists, or the fair value of the collateral for a collateral-dependent loan; however, the Bank measures impairment based on the fair value of the collateral when foreclosure is probable. The recognition of interest income on impaired loans is discontinued when, in management's judgment, the interest will not be collectible in the normal course of business. Subsequent payments received on such loans are applied to principal if any doubt exists as to the collectibility of such principal; otherwise, such receipts are recorded as interest income. Loans are returned to accrual status when management believes full collectibility of principal and interest is expected.

Loan origination fees and certain direct loan origination costs are deferred and recognized as an adjustment to interest income over the lives of the related loans using the interest method.

The reserve for possible loan losses is available to absorb loan charge-offs. The reserve is increased by provisions charged to operations and is reduced by loan charge-offs less recoveries. Loans are partially or fully charged off when Bank management believes such amounts are uncollectible, either through collateral liquidation or cash payment. The provision charged to operations each year is that amount which management believes is sufficient to bring the balance of the reserve to a level adequate to absorb potential loan losses, based on their knowledge and evaluation of past losses, the current loan portfolio, and the current economic environment in which the borrowers of the Bank operate.

Management believes the reserve for possible loan losses is adequate to absorb losses in the loan portfolio. While management uses available information to recognize losses on loans, future additions to the reserve may be necessary based on changes in economic conditions. Additionally, various regulatory agencies, as an integral part of the examination process, periodically review the Bank's reserve for possible loan losses. Such agencies may require the Bank to add to the reserve for possible loan losses based on their judgments and interpretations about information available to them at the time of their examinations.

Bank Premises and Equipment
Bank premises and equipment are stated at cost, less accumulated depreciation. Depreciation of premises and equipment is computed over the expected lives of the assets, using the straight-line method. Estimated useful lives are generally 50 years for premises and three to 20 years for building improvements, furniture, fixtures, and equipment. Expenditures for major renewals and improvements of bank premises and equipment, including interest expense incurred during construction, are capitalized, and those for maintenance and repairs are expensed as incurred.

Bank premises and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used would be measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets were considered to be impaired, the impairment to be recognized would be measured by the amount by which the carrying amount of the assets exceeded the fair value of the assets. Assets to be disposed of would be reported at the lower of the carrying amount or fair value, less estimated selling costs.

Other Real Estate Owned
Other real estate owned represents property acquired through foreclosure, or deeded to the Bank in lieu of foreclosure, for loans on which borrowers have defaulted as to payment of principal and interest. Properties acquired are initially recorded at the lower of the Bank's cost or fair value less estimated selling costs. Valuations are periodically performed by management, and an allowance for losses is established by means of a charge to noninterest expense if the carrying value of a property exceeds its fair value less estimated selling costs. Subsequent increases in the fair value less estimated selling costs are recorded through a reversal of the allowance, but not below zero. Costs related to developing and improving property are capitalized, while costs relating to holding the property are expensed.

Securities Sold Under Repurchase Agreements
The Bank enters into sales of securities under agreements to repurchase at specified future dates. Such repurchase agreements are considered financing arrangements and, accordingly, the obligation to repurchase assets sold is reflected as a liability in the consolidated balance sheets. Repurchase agreements are collateralized by debt securities which are under the control of the Bank.

Income Taxes
The Company and Bank file consolidated Federal and state income tax returns. Applicable income taxes are computed based on reported income and expenses, adjusted for permanent differences between reported and taxable income. Penalties and interest assessed by income taxing authorities are included in income tax expense in the year assessed, unless such amounts relate to uncertain tax positions, as defined below.

The Company uses the asset and liability method of accounting for income taxes, in which deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period which includes the enactment date.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes,* an Interpretation of Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes.* FASB Interpretation No. 48 (FIN 48) clarifies the accounting for uncertainty in income taxes in financial statements and prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken. The Interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2007, and the Company has implemented FIN 48 effective January 1, 2008, recording as a cumulative effect of a change in accounting principle an adjustment of $331,167 to the Company's retained earnings and tax liability accounts on the consolidated balance sheet, to reflect Company management's belief that the Company has no uncertain tax positions maintained for tax reporting purposes.

The Company's Federal and state income tax returns have not been examined by the Internal Revenue Service or Missouri Department of Revenue for several years. Federal and state income tax returns are generally subject to examination by the Internal Revenue Service and Missouri Department of Revenue for three years after they are filed.

Mortgage Banking Operations

The Bank operates a mortgage banking department which originates long-term, fixed rate mortgage loans for sale (without recourse) in the secondary market. Servicing rights are not retained on the loans originated and sold. Upon receipt of an application for a residential real estate loan, the mortgage banking department generally locks in an interest rate with the applicable investor and, at the same time, locks into an interest rate with the customer. This practice minimizes the exposure to risk resulting from interest rate fluctuations. Upon disbursement of the loan proceeds to the customer, the loan is delivered to the applicable investor. Sales proceeds are generally received within two to seven days later. Therefore, no loans held for sale are included in the Bank's loan portfolio at any point in time, except those loans for which the sale proceeds have not yet been received. Such loans are maintained at the lower of cost or market value, based on the outstanding commitment from the applicable investors for such loans. Gains and losses on the sale of these loans and the effects of market adjustments are included as mortgage banking revenues in noninterest income in the consolidated statements of income. Loan origination fees are recognized upon the sale of the related loans and included in the consolidated statements of income as mortgage banking revenues in noninterest income.

Financial Instruments

For purposes of information included in note 12 regarding disclosures about financial instruments, financial instruments are defined as cash, evidence of an ownership interest in an entity, or a contract that both (a) imposes on one entity a contractual obligation to deliver cash or another financial instrument to a second entity or to exchange other financial instruments on potentially unfavorable terms with the second entity, and (b) conveys to that second entity a contractual right to receive cash or another financial instrument from the first entity or to exchange other financial instruments on potentially favorable terms with the first entity.

Reclassifications

Certain reclassifications have been made to the 2006 consolidated financial statement amounts to conform to the 2007 presentation.

NOTE 2 - CASH AND DUE FROM BANKS

The Bank is required to maintain certain daily reserve balances on hand in accordance with regulatory requirements. The reserve balances maintained in accordance with such requirements at December 31, 2007 and 2006 were approximately $409,000 and $4,737,000, respectively.

NOTE 3 - INVESTMENTS IN DEBT AND EQUITY SECURITIES

The amortized cost, gross unrealized gains and losses, and estimated fair values of debt and equity securities classified as available-for-sale at December 31, 2007 and 2006 are as follows:

2007	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Obligations of U.S. Government agencies and corporations	$ 44,184,195	237,093	(71,176)	44,350,112
Equity securities	1,123,600	–	–	1,123,600
	$ 45,307,795	237,093	(71,176)	45,473,712

2006	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Obligations of U.S. Government agencies and corporations	$ 32,292,677	7,036	(490,053)	31,809,660
Equity securities	488,700	–	–	488,700
	$ 32,781,377	7,036	(490,053)	32,298,360

The Bank's equity securities at December 31, 2007 and 2006 include common stock in the Federal Home Loan Bank of Des Moines, which is administered by the Federal Housing Finance Board. As a member of the Federal Home Loan Bank System, the Bank must maintain a minimum investment in the capital stock of the Federal Home Loan Bank of Des Moines. The stock is recorded at cost, which represents redemption value.

The amortized cost and estimated fair values of debt and equity securities classified as available-for-sale at December 31, 2007, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities, because certain issuers have the right to call or prepay obligations with or without prepayment penalties.

	Amortized cost	Estimated fair value
Due one year or less	$ 7,998,215	7,964,672
Due one year through five years	33,185,980	33,357,798
Due over five years	3,000,000	3,027,642
Equity securities	1,123,600	1,123,600
	$ 45,307,795	45,473,712

The amortized cost, gross unrealized gains and losses, and estimated fair values of debt securities classified as held-to-maturity at December 31, 2007 and 2006 are as follows:

2007	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Obligations of states and political subdivisions	$ 15,096,035	139,982	(11,540)	15,224,477
Mortgage-backed securities	631,773	3,968	–	635,741
	$ 15,727,808	143,950	(11,540)	15,860,218

2006	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Obligations of states and political subdivisions	$ 11,671,643	84,051	(64,893)	11,690,801
Mortgage-backed securities	640,267	3,883	–	644,150
	$ 12,311,910	87,934	(64,893)	12,334,951

The amortized cost and estimated fair value of debt securities classified as held-to-maturity at December 31, 2007, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities, because certain issuers have the right to call or prepay obligations with or without prepayment penalties.

		Amortized cost	Estimated fair value
Due one year or less	$	–	–
Due one year through five years		3,059,229	3,066,195
Due after five through ten years		4,748,764	4,771,525
Due over ten years		7,288,042	7,386,757
Mortgage-backed securities		631,773	635,741
	$	15,727,808	15,860,218

Provided below is a summary of available-for sale and held-to-maturity securities which were in an unrealized loss position at December 31, 2007. The obligations of U.S. Government agencies and corporations with unrealized losses at December 31, 2007 are primarily issued from and guaranteed by the Federal Home Loan Bank, Federal National Mortgage Association or Federal Home Loan Mortgage Corporation. Obligations of states and political subdivisions in an unrealized loss position are primarily comprised of adequately-rated municipal bonds. The Bank has the ability and intent to hold these securities until such time as the value recovers or the securities mature. Further, the Bank believes that the deterioration in value is attributable to changes in market interest rates and not the credit quality of the issuers.

		Less than 12 months		12 months or more		Total	
		Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses	Estimated fair value	Unrealized losses
Obligations of U.S. Government agencies and corporations	$	3,979,121	7,421	15,018,927	63,755	18,998,048	71,176
Obligations of states and political subdivisions		663,654	1,346	3,115,021	10,194	3,778,675	11,540
	$	4,642,775	8,767	18,133,948	73,949	22,776,723	82,716

The carrying value of debt securities pledged to secure public funds, securities sold under repurchase agreements, and for other purposes amounted to approximately $27,427,000 and $30,960,000 at December 31, 2007 and 2006, respectively.

During 2006, certain available for sale securities were sold for proceeds totaling $550,809, resulting in gross gains of $12,798 and gross losses of $1,927.

NOTE 4 - LOANS

The composition of the loan portfolio at December 31, 2007 and 2006 is as follows:

	2007	2006
Commercial:		
Real estate	$ 133,175,520	137,037,535
Municipal obligations	739,800	676,542
Other	17,806,134	16,125,941
Real estate:		
Construction	54,256,891	45,924,061
Residential	49,428,385	60,018,216
Consumer	5,709,354	6,048,754
Overdrafts	219,900	86,383
	$ 261,335,984	265,917,432

The Bank grants commercial, industrial, residential, and consumer loans throughout the St. Louis metropolitan area, including St. Louis and St. Charles Counties in Missouri. The Bank does not have any particular concentration of credit in any one economic sector; however, a substantial portion of the portfolio is concentrated in and secured by real estate in the two-county area. The ability of the Bank's borrowers to honor their contractual obligations is dependent upon the local economy and its effect on the real estate market.

The aggregate amount of loans to executive officers and directors and loans made for the benefit of executive officers and directors was $5,476,900 and $9,629,239 at December 31, 2007 and 2006, respectively. Such loans were made in the normal course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons, and did not involve more than the normal risk of collectibility. A summary of activity for loans to executive officers and directors for the year ended December 31, 2007 is as follows:

Balance, December 31, 2006	$ 9,629,239
New loans made	1,114,227
Payments received	(1,935,238)
Other changes	(3,331,328)
Balance, December 31, 2007	$ 5,476,900

At December 31, 2007 and 2006, the Bank had a total of $6,674,397 and $3,889,846, respectively, of loans that were considered impaired, all of which have had the accrual of interest discontinued. The Bank had allocated $519,903 and $194,492 of the reserve for possible loan losses for all impaired loans at December 31, 2007 and 2006, respectively. Had these impaired loans continued to accrue interest, the Bank would have earned $145,935 and $142,828 for the years ended December 31, 2007 and 2006, respectively, rather than the $24 and $268, respectively, earned thereon on a cash basis. The average balances of impaired loans for the years ended December 31, 2007 and 2006 were $215,993 and $1,753,939, respectively. The Bank also had approximately $530,141 and $427,000 of loans at December 31, 2007 and 2006, respectively, that were delinquent 90 days or more and still accruing interest.

Transactions in the reserve for possible loan losses for the years ended December 31, 2007 and 2006 are summarized as follows:

	2007	2006
Balance, January 1	$ 2,418,997	1,884,496
Provision charged to operations	2,790,000	675,000
Recoveries of loans previously charged off	36,133	106,142
Loans charged off	(1,821,326)	(246,641)
Balance, December 31	$ 3,423,804	2,418,997

NOTE 5 - BANK PREMISES AND EQUIPMENT

A summary of bank premises and equipment at December 31, 2007 and 2006 is as follows:

	2007	2006
Land	$ 2,761,947	2,761,947
Buildings and improvements	10,129,176	10,067,336
Furniture, fixtures, and equipment	4,585,328	4,445,419
	17,476,451	17,274,702
Less accumulated depreciation	9,137,057	8,369,219
	$ 8,339,394	8,905,483

Amounts charged to noninterest expense for depreciation aggregated $784,108 and $850,926 for the years ended December 31, 2007 and 2006, respectively.

The Bank leases certain premises under a noncancelable operating lease agreement that will expire in 2008, with renewal options available. Minimum rental commitments under this noncancelable operating lease for 2008 will be $36,980.

Total rent expense charged to occupancy and equipment expense was $55,471 for both 2007 and 2006. The Bank also leases out space in certain of its facilities to unaffiliated tenants under cancelable and noncancelable lease agreements that expire at various dates through 2010. Total rental income included in other noninterest income in the Company's statements of income for the years ended December 31, 2007 and 2006 was $235,690 and $212,638, respectively. Minimum rental commitments payable to the Bank under noncancelable leases at December 31, 2007 for each of the next three years and in the aggregate were as follows:

Year ending December 31:	
2008	$ 167,492
2009	96,758
2010	46,580
Total minimum payments required	$ 310,830

NOTE 6 - DEPOSITS

A summary of interest-bearing deposits at December 31, 2007 and 2006 is as follows:

	2007	2006
Interest-bearing transaction accounts	$ 108,438,975	88,991,328
Savings	33,796,702	36,726,246
Time deposits:		
Less than $100,000	87,577,087	96,079,507
$100,000 and over	17,560,316	16,499,451
	$ 247,373,080	238,296,532

Deposits of executive officers and directors and their related interests totaled $2,952,870 and $2,935,209 at December 31, 2007 and 2006, respectively.

Interest expense on deposits for the years ended December 31, 2007 and 2006 is summarized as follows:

		2007	2006
Interest-bearing transaction accounts	$	3,343,742	2,290,121
Savings		704,228	777,810
Time deposits:			
Less than $100,000		4,207,449	3,638,976
$100,000 and over		834,531	788,237
	$	9,089,950	7,495,144

Following are the maturities of time deposits for each of the next five years and in the aggregate at December 31, 2007:

Year ending December 31:		
2008	$	60,354,347
2009		20,973,439
2010		7,691,028
2011		6,298,995
2012		9,807,054
After 2012		12,540
	$	105,137,403

NOTE 7 - INCOME TAXES

The components of income tax expense for the years ended December 31, 2007 and 2006 are as follows:

		2007	2006
Current:			
Federal	$	485,899	1,365,575
State		25,683	170,707
Deferred		(389,846)	(224,766)
	$	121,736	1,311,516

A reconciliation of expected income tax expense computed by applying the Federal statutory rate of 34% to income before applicable income taxes, for the years ended December 31, 2007 and 2006, is as follows:

		2007	2006
Expected statutory Federal income tax	$	376,253	1,323,025
Tax-exempt interest income		(158,826)	(144,592)
State income taxes, net of Federal benefit		16,951	112,667
Other, net		(112,642)	20,416
	$	121,736	1,311,516

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31, 2007 and 2006 are presented below:

	2007	2006
Deferred tax assets:		
Reserve for possible loan losses	$ 1,029,582	701,099
Other real estate owned	11,115	13,856
Unrealized net holding losses on available-for-sale	-	164,277
Total deferred tax assets	1,040,697	879,232
Deferred tax liabilities:		
Bank premises and equipment	(484,076)	(536,792)
Unrealized net holding losses on available-for-sale securities	(56,361)	-
Other, net	(140,905)	(152,293)
Total deferred tax liabilities	(681,342)	(689,085)
Net deferred tax assets	$ 359,355	190,147

The Company is required to provide a valuation reserve on deferred tax assets when it is more likely than not that some portion of the assets will not be realized. The Company has not established a valuation reserve at December 31, 2007 and 2006, due to management's belief that all criteria for recognition have been met, including the existence of a history of taxes paid sufficient to support the realization of deferred tax assets.

NOTE 8 - SHORT-TERM BORROWINGS

Following is a summary of short-term borrowings at December 31, 2007 and 2006:

	2007	2006
Federal funds purchased	$ -	1,250,000
Securities sold under repurchase agreements	3,208,133	3,674,501
	$ 3,208,133	4,924,501

Securities sold under repurchase agreements are collateralized by debt securities consisting of obligations of U.S. Government agencies and corporations which had an aggregate carrying value of $3,389,646 at December 31, 2007. The Bank also borrows Federal funds purchased on a daily basis when needed, to meet short-term liquidity needs. The average balances, weighted average interest rates paid, and maximum month-end amounts outstanding for the years ended December 31, 2007 and 2006, and the average rates at each year end for Federal funds purchased and securities sold under repurchase agreements are as follows:

	2007	2006
Average balance	$ 5,343,489	3,525,119
Weighted average interest rate paid during the year	5.19%	5.04%
Maximum amount outstanding at any month-end	$ 18,604,257	13,450,000
Average rate at end of year	3.97%	5.64%

NOTE 9 – FEDERAL HOME LOAN BANK BORROWINGS

At December 31, 2007, the Bank had one fixed rate advance outstanding with the Federal Home Loan Bank of Des Moines, which bears interest at 5.08% and matures February 16, 2010.

At December 31, 2007, the Bank maintained a line of credit in the amount of $16,090,720 with the Federal Home Loan Bank of Des Moines and had availability under that line of $1,090,720. Federal

Home Loan Bank of Des Moines advances are secured under a blanket agreement which assigns all Federal Home Loan Bank of Des Moines stock and one-to-four family mortgage loans.

NOTE 10 - EMPLOYEE BENEFIT PLANS

The Bank sponsors a contributory 401(k) profit-sharing plan to provide retirement benefits to eligible employees. The Plan provides for the Bank to match employee contributions up to a certain level. Contributions made by the Bank under the plan were $162,276 and $155,336 for the years ended December 31, 2007 and 2006, respectively.

NOTE 11 - LITIGATION

During the normal course of business, various legal claims have arisen which, in the opinion of management, will not result in any material liability to the Company.

NOTE 12 - DISCLOSURES ABOUT FINANCIAL INSTRUMENTS

The Bank issues financial instruments with off-balance-sheet risk in the normal course of the business of meeting the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit and may involve, to varying degrees, elements of credit risk in excess of the amounts recognized in the consolidated balance sheets. The contractual amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for financial instruments included on the balance sheet. Following is a summary of the Company's off-balance-sheet financial instruments at December 31, 2007 and 2006:

	2007	2006
Financial instruments for which contractual amounts represent:		
Commitments to extend credit	$ 41,575,117	68,464,987
Standby letters of credit	1,907,419	2,380,574
	$ 43,482,536	70,845,561

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Of the total commitments to extend credit at December 31, 2007, $11,550,204 was made at fixed rates of interest. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since certain of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but is generally residential or income-producing commercial property or equipment, on which the Bank generally maintains a superior lien.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Following is a summary of the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2007 and 2006:

	2007		2006	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Balance sheet assets:				
Cash and due from banks	$ 13,616,063	13,616,063	10,792,714	10,792,714
Investments in debt and equity securities	61,201,520	61,333,930	44,610,270	44,633,311
Loans, net	257,882,452	257,659,000	263,465,982	261,469,390
Accrued interest receivable	1,824,822	1,824,822	1,632,834	1,632,834
	$ 334,524,857	334,433,815	320,501,800	318,528,249
Balance sheet liabilities:				
Deposits	$ 298,870,190	292,609,000	296,994,196	297,482,583
Short term borrowings	3,208,133	3,208,133	4,924,501	4,924,501
Federal Home Loan Bank borrowings	15,000,000	15,330,000	-	-
Accrued interest payable	670,470	670,470	631,237	631,237
	$ 317,748,793	311,817,603	302,549,934	303,038,321

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash and Other Short-Term Instruments

For cash and due from banks (including interest-earning deposits in financial institutions), funds sold, accrued interest receivable (payable), and short-term borrowings, the carrying amount is a reasonable estimate of fair value, as such instruments are due on demand and/or reprice in a short time period.

Investments in Debt and Equity Securities

Fair values are based on quoted market prices or dealer quotes.

Loans

For certain homogeneous categories of loans, such as residential mortgages and other consumer loans, fair value is estimated using the quoted market prices for securities backed by similar loans, adjusted for differences in loan characteristics. The fair value of other types of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and with the same remaining maturities.

Deposits

The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

Long-Term Borrowings

Rates currently available to the Company with similar terms and remaining maturities are used to estimate the fair value of Federal Home Loan Bank advances.

Commitments to Extend Credit and Standby Letters of Credit

The fair value of commitments to extend credit and standby letters of credit are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements, the likelihood of the counterparties drawing on such financial instruments, and the present creditworthiness of such counterparties. The Company believes such commitments have been made on terms which are competitive in the markets in which it operates.

NOTE 13 - REGULATORY MATTERS

The Company and Bank are subject to various regulatory capital requirements administered by the Federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory - and possible additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of the Company's and Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Company's and Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to average assets (as defined). By regulation, the capital adequacy guidelines for bank holding companies with total consolidated assets of less than $500 million are applied on a bank-only basis. Accordingly, the Company's consolidated capital levels were not subject to such guidelines at December 31, 2007 or 2006; however, such guidelines will become applicable should the Company's consolidated total assets grow to over $500 million. Company management believes, as of December 31, 2007, that the Company and Bank meet all capital adequacy requirements to which they are subject.

As of December 31, 2007, the most recent notification from applicable regulatory authorities categorized the Bank as a well capitalized bank under the regulatory framework for prompt corrective action. To be categorized as a well capitalized bank, the Bank must maintain minimum Total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table below. There are no conditions or events since that notification that Bank management believes have changed the Bank's risk category.

The actual capital amounts for the Bank at December 31, 2007 and 2006 are presented in the following table:

	Actual		For Capital Adequacy Purposes		To Be a Well Capitalized Bank Under Prompt Corrective Action Provision	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(in thousands of dollars)					
Total capital (to risk-weighted assets):						
2007	**$ 34,468**	**12.17%**	**$ 22,663**	**≥8.0%**	**$ 28,329**	**≥10.0%**
2006	$ 32,982	11.85%	$ 22,270	≥8.0%	$ 27,838	≥10.0%
Tier 1 capital (to risk-weighted assets):						
2007	**$ 31,044**	**10.96%**	**$ 11,331**	**≥4.0%**	**$ 16,997**	**≥6.0%**
2006	$ 30,563	10.98%	$ 11,135	≥4.0%	$ 16,703	≥6.0%
Tier 1 capital (to average assets):						
2007	**$ 31,044**	**8.79%**	**$ 14,134**	**≥4.0%**	**$ 17,668**	**≥5.0%**
2006	$ 30,563	9.26%	$ 13,199	≥4.0%	$ 16,499	≥5.0%

St. Johns Bank & Trust Co.
Legal Title of Bank

St. John
City

MO 63114
State Zip Code

FDIC Certificate Number: 08898

Consolidated Report of Condition for Insured Commercial and State-Chartered Savings Banks for December 31, 2008

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

Dollar Amounts in Thousands			RCON	Bil | Mil | Thou	
ASSETS					
1. Cash and balances due from depository institutions (from Schedule RC-A):					
a. Noninterest-bearing balances and currency and coin (1)			0081	5,979	1.a
b. Interest-bearing balances (2)			0071	241	1.b
2. Securities:					
a. Held-to-maturity securities (from Schedule RC-B, column A)			1754	17,059	2.a
b. Available-for-sale securities (from Schedule RC-B, column D)			1773	38,725	2.b
3. Federal funds sold and securities purchased under agreements to resell:					
a. Federal funds sold			B987	0	3.a
b. Securities purchased under agreements to resell (3)			B989	0	3.b
4. Loans and lease financing receivables (from Schedule RC-C):					
a. Loans and leases held for sale			5369	0	4.a
b. Loans and leases, net of unearned income	B528	262,278			4.b
c. LESS: Allowance for loan and lease losses	3123	2,222			4.c
d. Loans and leases, net of unearned income and allowance (item 4.b minus 4.c)			B529	260,056	4.d
5. Trading assets (from Schedule RC-D)			3545	0	5
6. Premises and fixed assets (including capitalized leases)			2145	7,926	6
7. Other real estate owned (from Schedule RC-M)			2150	3,358	7
8. Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M)			2130	0	8
9. Not Applicable					
10. Intangible assets:					
a. Goodwill			3163	0	10.a
b. Other intangible assets (from Schedule RC-M)			0426	0	10.b
11. Other assets (from Schedule RC-F)			2160	4,332	11
12. Total assets (sum of items 1 through 11)			2170	337,676	12

(1) Includes cash items in process of collection and unposted debits.
(2) Includes time certificates of deposit not held for trading.
(3) Includes all securities resale agreements, regardless of maturity.

Schedule RC - Continued

Dollar Amounts in Thousands			RCON	Bil | Mil | Thou	
LIABILITIES					
13. Deposits:					
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E)			2200	286,583	13.a
(1) Noninterest-bearing (1)	6631	51,362			13.a.1
(2) Interest-bearing	6636	235,221			13.a.2
b. Not applicable					
14. Federal funds purchased and securities sold under agreements to repurchase:					
a. Federal funds purchased (2)			B993	1,069	14.a
b. Securities sold under agreements to repurchase (3)			B995	1,860	14.b
15. Trading liabilities (from Schedule RC-D)			3548	0	15
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)			3190	15,119	16
17. and 18. Not applicable					
19. Subordinated notes and debentures (4)			3200	0	19
20. Other liabilities (from Schedule RC-G)			2930	689	20
21. Total liabilities (sum of items 13 through 20)			2948	305,320	21
22. Minority interest in consolidated subsidiaries			3000	0	22
EQUITY CAPITAL					
23. Perpetual preferred stock and related surplus			3838	0	23
24. Common stock			3230	750	24
25. Surplus (exclude all surplus related to preferred stock)			3839	2,745	25
26. a. Retained earnings			3632	28,636	26.a
b. Accumulated other comprehensive income (5)			B530	225	26.b
27. Other equity capital components (6)			A130	0	27
28. Total equity capital (sum of items 23 through 27)			3210	32,356	28
29. Total liabilities, minority interest, and equity capital (sum of items 21, 22, and 28)			3300	337,676	29

Memorandum

To be reported with the March Report of Condition.

	RCON	Number	
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2007	6724	N/A	M.1

1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank

2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)

3 = Attestation on bank management's assertion on the effectiveness of the bank's internal control over financial reporting by a certified public accounting firm

4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)

5 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)

6 = Review of the bank's financial statements by external auditors

7 = Compilation of the bank's financial statements by external auditors

8 = Other audit procedures (excluding tax preparation work)

9 = No external audit work

(1) Includes total demand deposits and noninterest-bearing time and savings deposits.

(2) Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."

(3) Includes all securities repurchase agreements, regardless of maturity.

(4) Includes limited-life preferred stock and related surplus.

(5) Includes net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and minimum pension liability adjustments.

(6) Includes treasury stock and unearned Employee Stock Ownership Plan shares.

St. Johns Bank & Trust Co.
Legal Title of Bank

St. John
City

MO 63114
State Zip Code

FDIC Certificate Number: 08898

Consolidated Report of Income
for the period January 1, 2008 – December 31, 2008

All Report of Income schedules are to be reported on a calendar year-to-date basis in thousands of dollars.

Schedule RI—Income Statement

Dollar Amounts in Thousands	RIAD	Bil | Mil | Thou	
1. Interest Income:			
a. Interest and fee income on loans:			
(1) Loans secured by real estate:			
(a) Loans secured by 1-4 family residential properties	4435	2,708	1.a.1.a
(b) All other loans secured by real estate	4436	11,282	1.a.1.b
(2) Commercial and industrial loans	4012	974	1.a.2
(3) Loans to individuals for household, family, and other personal expenditures:			
(a) Credit cards	B485	0	1.a.3.a
(b) Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards)	B486	416	1.a.3.b
(4) Loans to foreign governments and official institutions	4056	0	1.a.4
(5) All other loans (1)	4058	43	1.a.5
(6) Total interest and fee income on loans (sum of items 1.a.(1)(a) through 1.a.(5))	4010	15,423	1.a.6
b. Income from lease financing receivables	4065	0	1.b
c. Interest income on balances due from depository institutions (2)	4115	31	1.c
d. Interest and dividend income on securities:			
(1) U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	B488	2,042	1.d.1
(2) Mortgage-backed securities	B489	33	1.d.2
(3) All other securities (includes securities issued by states and political subdivisions in the U.S.)	4060	642	1.d.3
e. Interest income from trading assets	4069	0	1.e
f. Interest income on federal funds sold and securities purchased under agreements to resell	4020	127	1.f
g. Other interest income	4518	41	1.g
h. Total interest income (sum of items 1.a.(6) through 1.g)	4107	18,339	1.h
2. Interest expense:			
a. Interest on deposits:			
(1) Transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	4508	45	2.a.1
(2) Nontransaction accounts:			
(a) Savings deposits (includes MMDAs)	0093	2,152	2.a.2.a
(b) Time deposits of $100,000 or more	A517	786	2.a.2.b
(c) Time deposits of less than $100,000	A518	3,435	2.a.2.c
b. Expense of federal funds purchased and securities sold under agreements to repurchase	4180	87	2.b
c. Interest on trading liabilities and other borrowed money	4185	775	2.c

(1) Includes interest and fee income on "Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Other loans."

(2) Includes interest income on time certificates of deposit not held for trading

Schedule RI—Continued

Dollar Amounts in Thousands	RIAD	Year-to-date Bil | Mil | Thou		RIAD	Bil | Mil | Thou	
2. Interest expense (continued):						
d. Interest on subordinated notes and debentures	4200	0	2.d			
e. Total interest expense (sum of items 2.a through 2.d)	4073	7,280	2.e			
3. Net interest income (item 1.h minus 2.e)				4074	11,059	3
4. Provision for loan and lease losses				4230	970	4
5. Noninterest income:						
a. Income from fiduciary activities (1)	4070	0	5.a			
b. Service charges on deposit accounts	4080	1,911	5.b			
c. Trading revenue (2)	A220	0	5.c			
d. (1) Fees and commissions from securities brokerage	C886	90	5.d.1			
(2) Investment banking, advisory, and underwriting fees and commissions	C888	0	5.d.2			
(3) Fees and commissions from annuity sales	C887	221	5.d.3			
(4) Underwriting income from insurance and reinsurance activities	C386	0	5.d.4			
(5) Income from other insurance activities	C387	4	5.d.5			
e. Venture capital revenue	B491	0	5.e			
f. Net servicing fees	B492	0	5.f			
g. Net securitization income	B493	0	5.g			
h. Not applicable						
i. Net gains (losses) on sales of loans and leases	5416	8	5.i			
j. Net gains (losses) on sales of other real estate owned	5415	(182)	5.j			
k. Net gains (losses) on sales of other assets (excluding securities)	B496	0	5.k			
l. Other noninterest income*	B497	883	5.l			
m. Total noninterest income (sum of items 5.a through 5.l)				4079	2,935	5.m
6. a. Realized gains (losses) on held-to-maturity securities				3521	0	6.a
b. Realized gains (losses) on available-for-sale securities				3196	0	6.b
7. Noninterest expense:						
a. Salaries and employee benefits	4135	6,526	7.a			
b. Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	4217	1,592	7.b			
c. (1) Goodwill impairment losses	C216	0	7.c.1			
(2) Amortization expense and impairment losses for other intangible assets	C232	0	7.c.2			
d. Other noninterest expense*	4092	3,341	7.d			
e. Total noninterest expense (sum of items 7.a through 7.d)				4093	11,459	7.e
8. Income (loss) before income taxes and extraordinary items and other adjustments (item 3 plus or minus items 4, 5.m, 6.a, 6.b, and 7.e)				4301	1,565	8
9. Applicable income taxes (on item 8)				4302	370	9
10. Income (loss) before extraordinary items and other adjustments (item 8 minus item 9)				4300	1,195	10
11. Extraordinary items and other adjustments, net of income taxes*				4320	0	11
12. Net income (loss) (sum of items 10 and 11)				4340	1,195	12

* Describe on Schedule RI-E—Explanations

(1) For banks required to complete Schedule RC-T, items 12 through 19, income from fiduciary activities reported in Schedule RI, item 5.a, must equal the amount reported in Schedule RC-T, item 19.

(2) For banks required to complete Schedule RI, Memorandum item 8, trading revenue reported in Schedule RI, item 5.c, must equal the sum of Memorandum items 8.a through 8.e.