

2009

Jefferson Bank

ANNUAL REPORT 2009



Better Banking Begins Here

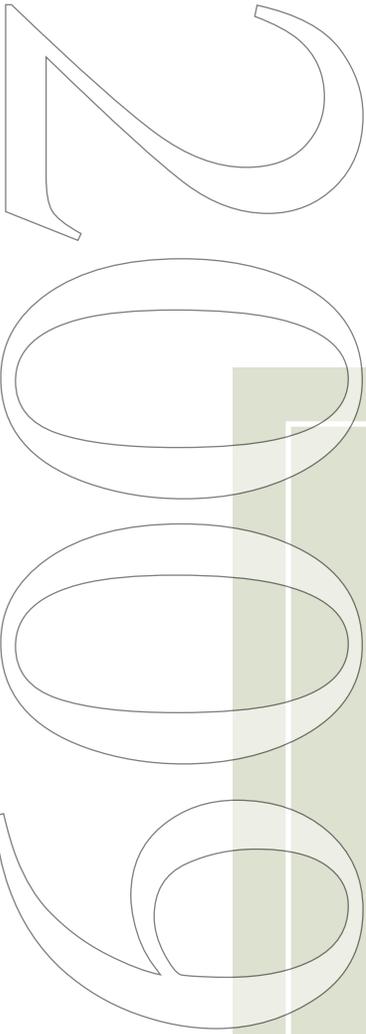


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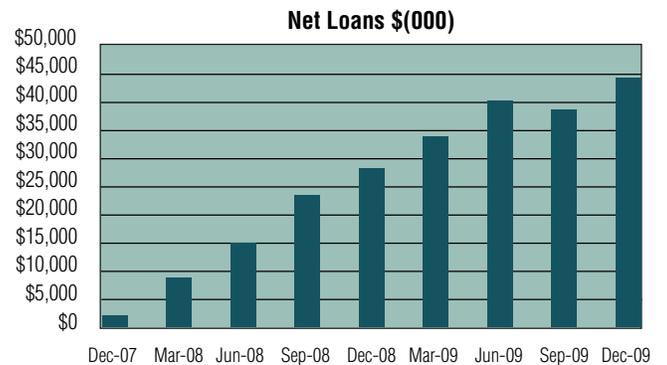
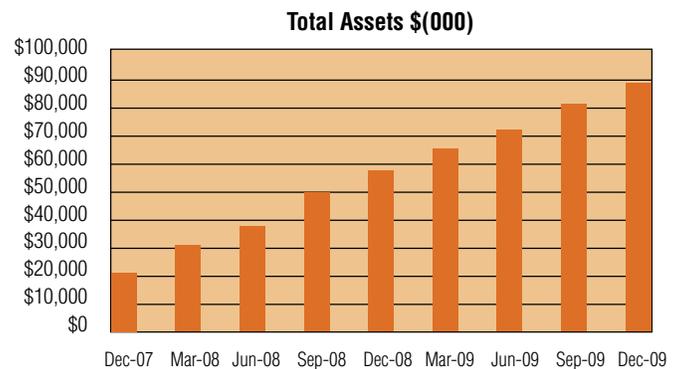


Dear Fellow Shareholders-

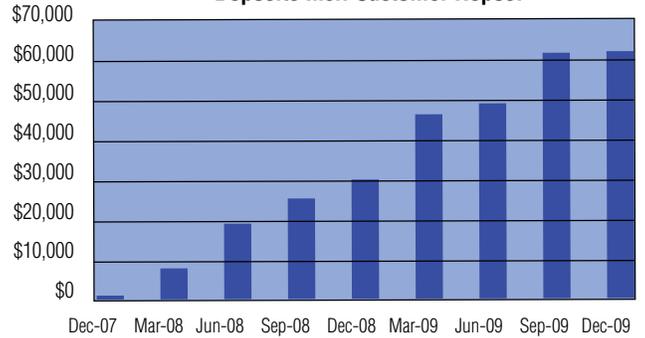
2009 was a good year for Jefferson Bank thanks to our Shareholders, Directors and Jefferson Bankers. Year-end assets were \$87,906,000 up 55% for the year while Total Deposits including Customer Repurchase Agreements and Total Net Loans (net of Allowance for Loan Losses) were \$61,491,000 and \$45,553,000, up 109% & 57% respectively.

Sustained profitability and high asset quality are our paramount goals. As of December, after assessing the overall economy, the Board chose to substantially increase the provision for loan losses by \$791,000 to provide a cushion during these uncertain times. At year-end Jefferson had no past due or criticized loans. Including the increase to the Provision for Loan Losses, the 2009 after-tax operating loss of \$694,000 was within \$104,000 of plan. The 2010 plan includes ending with the fourth quarter in the black.

Jefferson Bank Mortgage is up and running. Kyle Jemtrud and Valerie Anderson are available to help you and your referrals. We are FHA and VA approved and can help with all your mortgage needs. Call 727-781-7500 / 813-855-7500 or e-mail kjemtrud@JeffersonBankFl.com or vanderson@JeffersonBankFl.com.



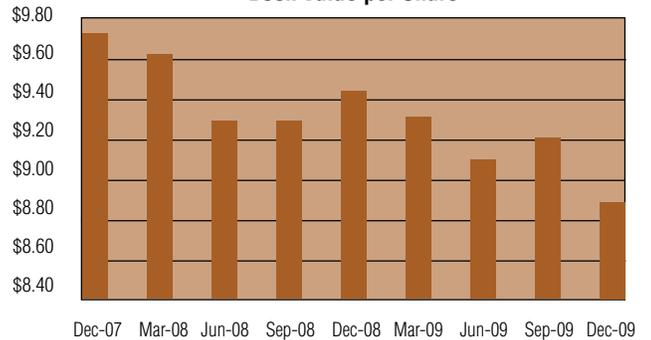
Deposits Incl. Customer Repos.



In August, Susan Martin joined Jim Nelson and Joe LaRussa in Commercial Lending. Our seasoned team continues to build relationships even in these challenging times. Please let us know when one of your friends needs a banking relationship with an experienced commercial banker.

2009's momentum has carried into 2010 as we ended February with Total Assets of \$93,124,000, Total Deposits including Customer Repurchase Agreements of \$66,600,000 and Total Net Loans of \$48,558,000.

Book Value per Share

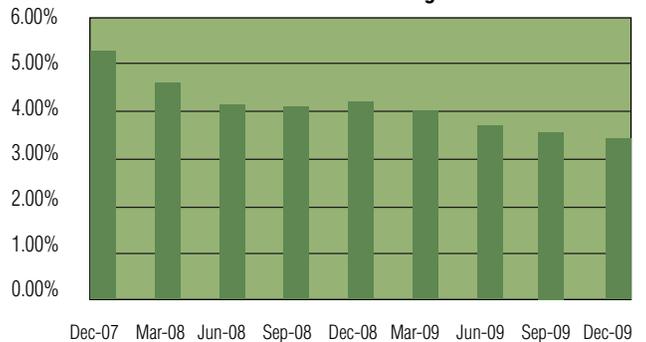


On behalf of the Board, our sincere thanks to all who have moved their banking business and referred friends to Jefferson. To our shareholders who have not yet done so – It's time. Our bankers and I will be there to make the transition easy for you.

Respectfully,

Robert B. McGivney
Chairman / CEO

Net Interest Margin



Directors



Gary L. Blackwell,
Real Estate Developer
and Investor
New Port Richey



David L. Brandon, President
Brandon Construction
Company, Inc.
Palm Harbor



Ronald S. Hockman, President
Hockman Insurance
Agency, Inc
Tampa



Stephen H. Jacobs, M.D.,
Board Certified Internal Medicine
and President of Morton Plant
Mease Primary Care
Clearwater



Robert B. McGivney, Chairman/
CEO, Jefferson Bank of Florida
Oldsmar



Joseph L. Oliveri, A.I.A.
Oliveri Architects
Palm Harbor



Paul J. Wikle, CCIM,
Coldwell Banker/
Commercial NRT/
Real Estate Investor
Palm Harbor



Melvin S. Cutler, Investor
and Founder of Cutler
Associates, a Design/Build firm
Tampa

**Melvin S. Cutler, 77,
Founding Director,
retired 2009.**

The Board and Shareholders
of Jefferson Bank wish Mel
and his family all the best.

Executive Officers

Robert B. McGivney,
Chairman of the Board & CEO
Below right

James P. Nelson, President
COO & Senior Lending Officer
Below left

Margaret (Mickey) M. Orr
Executive Vice President/
Chief Financial Officer
Below center

Officers

Susan L. Martin, Senior Vice President
William H. Ecob, Vice President / Operations
Meredith A. James, Vice President / Financial Center Manager
Renee K. Jones, Vice President / Treasury Management
Joseph M. LaRussa, Vice President / Commercial Lender
Maggie E. Mathey, Vice President / Loan Operations
Linda Jouben, BSA/Compliance Officer

Oldsmar Branch

Kathleen M. McPhillips, Assistant Manager / Personal Banker
Rose M. Fasano, Personal Banker
Donna L. Thompson, Teller Supervisor
Eleanor F. Riela, Teller
Peter C. Fletcher, Courier

Operations

Jodi L. Dorsey, Operations Specialist
Suzan M. Frijouf, Administrative Assistant
Katie Ingle, Loan Operations Specialist
Kelly Reinbolt, Marketing / Executive Assistant

Mortgage Department

Kyle Jemtrud, Residential Lending Manager
Valerie Anderson, Mortgage Loan Originator



Services

Business Banking



At Jefferson Bank, we know the time and energy it takes to build and maintain your business. That is why we designed our Business Banking Services to fit your daily needs quickly and conveniently, so you can focus on more important things.

[Small Business Checking](#)

[Business Checking](#)

[Business Interest Checking](#)

[Commercial Checking](#)

[IOTA \(Interest on Trust Account\) Checking](#)

Treasury Management

Our Treasury Management Services are structured to serve businesses that want custom business banking solutions. Take advantage of ease, automation and multiple layers of security and streamline your business banking with all or just a few of our Treasury Management services.

[Business Online Banking](#)

[Jeff Remote Deposit](#) – Make deposits 24-hours a day, 365 days a year right from your office.

See Demo at www.JeffersonBankFL.com.

[Courier Service](#)

[Positive Pay](#) – Keep an eye on check fraud electronically by monitoring the checks clearing your account.

[Business Bill Pay](#)

[Merchant Services](#)

[ACH](#) – Ease the volume of paper transactions by creating and transmitting electronic ACH files from your Jefferson Bank account. Use this service for Direct Deposit of your employee's payroll, Electronic Tax Payments, and Direct Debit of recurring payments such as dues or fees.



Jeff Remote Deposit

Treasury Management (cont.)

Wire Transfer

Sweep Accounts

Repurchase Agreements – Maximize your earnings. Excess funds are swept daily to a fully collateralized investment* so you can earn interest on your funds.

For more information on this set up an appointment with our **Treasury Management Specialist, Renee Jones** – 813-749-2780 or 727-781-7500.

**Business Lending**

Have you heard that banks are not lending? Look to Jefferson Bank if you are expanding your business or are just fed up with the same old runaround and tired excuses handed out by other banks. If you are considering the purchase of a commercial property or office condo for your business, or a commercial real estate project for an investment, let us help. Our seasoned Commercial Lenders are here to provide a quick response as well as flexible and creative access to the funds you need.

Cash is the lifeblood of your business growth. Whether you need more working capital, want to finance the purchase of equipment, vehicles or other fixed assets, Jefferson Bank has the financing options for you. We are confident that you will find that our commercial lenders have the experience and expertise to handle all of your banking needs.

At Jefferson Bank, a quality banking relationship means more than loans and deposits. It means building a relationship that will last a lifetime and making every experience rewarding for the client. We believe a quality relationship means offering the highest quality products to high quality borrowers. It also means being able to perform when your business needs it the most.**

**Not insured by the FDIC, Not a deposit or other obligation of, or guaranteed by Jefferson Bank, subject to investment risks, including possible loss of the principal amount invested.*

***All loans are subject to normal credit approval procedures and credit standards.*

Whether you prefer a free checking account with limited transactions or one that pays interest, you'll always find what you're looking for at Jefferson Bank.

Shareholder Checking

Get all the services you need in a checking account with a low minimum balance requirement and unlimited check writing. Shareholder Checking is a low-cost, value-added solution for you.

Jefferson Bank Interest Checking

Enjoy easy access to your money, while earning interest on balances over \$1000 in your Jefferson Bank Interest Checking account.

Interest 50 Checking

You've earned it! If you're 50 years old or better, enjoy the benefits of Interest 50 Checking while you earn a competitive rate of interest on your funds.

Basic Checking

If you make only a few transactions each month, then Basic Checking is the right choice for you.

Talk with one of our knowledgeable Personal Bankers about which checking account is right for you.



Home Mortgage

Jefferson Bank provides the flexibility you need when purchasing or refinancing a home. Jefferson Bank offers loans that can meet almost every mortgage need, whether it's owning your first home, moving up, or just looking to access cash quickly using your home's equity. We pride ourselves on personalized service, professionalism, and unsurpassed flexibility.



FINANCIAL HIGHLIGHTS

EARNINGS SUMMARY

Year Ended December 31,	2009	2008
Net Interest Income	\$2,505,000	\$1,464,000
Provision for Loan Losses	1,001,000	363,000
Non-Interest Income	79,000	31,000
Gain on Sale of Securities	387,000	–
Non-Interest Expense	3,058,000	2,618,000
Income Taxes	394,000	542,000
Net Income/(Loss)	(694,000)	(944,000)
Net Interest Margin	3.63%	4.17%

BALANCE SHEET SUMMARY

Balance at December 31	2009	2008
Total Assets	\$87,906,000	\$56,765,000
Loans (Net of allowance for loan losses of \$1,375,000 & \$384,000)	44,177,000	28,132,000
Securities	37,636,000	25,269,000
Total Deposits & Customer Repurchase Agreements	61,491,000	29,442,000
Stockholders' Equity	17,752,000	18,866,000
Book Value Per Share	\$8.88	\$9.43

PERIOD END DATA

December 31,	2009	2008
Tier 1 Risk-Based Capital Ratio	30.38%	50.95%
Total Risk-Based Capital Ratio	31.64%	52.04%
Leverage Ratio	20.07%	35.08%
Allowance For Losses As Percentage Of Loans	3.02%	1.35%



HACKER, JOHNSON & SMITH PA

Fort Lauderdale
Fort Myers
Orlando
Tampa

Certified Public Accountants

Independent Auditors' Report

Jefferson Bank of Florida
Oldsmar, Florida:

We have audited the accompanying balance sheets of Jefferson Bank of Florida (the "Bank") at December 31, 2009 and 2008, and the related statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these 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 audit 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 financial statements referred to above present fairly, in all material respects, the financial position of the Bank at December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

HACKER, JOHNSON & SMITH PA
Tampa, Florida
February 24, 2010

JEFFERSON BANK OF FLORIDA

Balance Sheets

(\$ in thousands except per share data)

	<u>At December 31,</u>	
	<u>2009</u>	<u>2008</u>
Assets		
Cash and due from banks	\$ 692	414
Federal funds sold	<u>79</u>	<u>-</u>
Total cash and cash equivalents	771	414
Certificates of deposit, original maturity over 90 days	1,000	-
Securities available for sale	37,636	25,269
Loans, net of allowance for loan losses of \$1,375 and \$384	44,177	28,132
Federal Home Loan Bank stock	627	202
Premises and equipment, net	1,420	1,594
Accrued interest receivable	464	305
Deferred tax asset	1,383	690
Other assets	<u>428</u>	<u>159</u>
Total assets	\$ <u>87,906</u>	<u>56,765</u>
Liabilities and Stockholders' Equity		
Liabilities:		
Noninterest-bearing demand deposits	9,029	4,109
Savings, NOW and money-market deposits	32,718	14,766
Time deposits	<u>16,559</u>	<u>7,208</u>
Total deposits	58,306	26,083
Federal funds purchased	-	5,193
Federal Home Loan Bank advances	8,325	3,000
Other borrowings	3,185	3,359
Other liabilities	<u>338</u>	<u>264</u>
Total liabilities	<u>70,154</u>	<u>37,899</u>
Commitments (Notes 4 and 9)		
Stockholders' equity:		
Preferred stock, no par value; 1,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$5 par value; 9,000,000 shares authorized, 2,000,000 issued and outstanding	10,000	10,000
Additional paid-in capital	10,142	10,063
Accumulated deficit	(2,195)	(1,501)
Accumulated other comprehensive income (loss)	<u>(195)</u>	<u>304</u>
Total stockholders' equity	<u>17,752</u>	<u>18,866</u>
Total liabilities and stockholders' equity	\$ <u>87,906</u>	<u>56,765</u>

See Accompanying Notes to Financial Statements.

JEFFERSON BANK OF FLORIDA**Statements of Operations**
(In thousands)

	Year Ended December 31,	
	<u>2009</u>	<u>2008</u>
Interest income:		
Loans	\$ 2,096	861
Securities	1,213	898
Federal funds and other	<u>1</u>	<u>79</u>
Total interest income	<u>3,310</u>	<u>1,838</u>
Interest expense:		
Deposits	731	324
Borrowings	<u>74</u>	<u>50</u>
Total interest expense	<u>805</u>	<u>374</u>
Net interest income	2,505	1,464
Provision for loan losses	<u>1,001</u>	<u>363</u>
Net interest income after provision for loan losses	<u>1,504</u>	<u>1,101</u>
Noninterest income:		
Service charges and fees	79	31
Gain on sale of securities available for sale	<u>387</u>	<u>-</u>
Total noninterest income	<u>466</u>	<u>31</u>
Noninterest expenses:		
Salaries and employee benefits	1,608	1,405
Occupancy and equipment	574	554
Data processing	259	193
Advertising	53	67
Professional fees	115	117
Other	<u>449</u>	<u>282</u>
Total noninterest expenses	<u>3,058</u>	<u>2,618</u>
Loss before income tax benefit	(1,088)	(1,486)
Income tax benefit	<u>394</u>	<u>542</u>
Net loss	\$ <u>(694)</u>	<u>(944)</u>

See Accompanying Notes to Financial Statements.

JEFFERSON BANK OF FLORIDA

Statements of Stockholders' Equity

Years Ended December 31, 2009 and 2008

(\$ in thousands)

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Deficit</u>	<u>Other</u>	<u>Stockholders'</u>
			<u>Capital</u>		<u>Income</u>	<u>Equity</u>
					<u>(Loss)</u>	
Balance at December 31, 2007	2,000,000	\$ 10,000	9,976	(557)	(1)	<u>19,418</u>
Stock-based compensation	-	-	87	-	-	<u>87</u>
Comprehensive loss:						
Net loss	-	-	-	(944)	-	(944)
Change in unrealized loss on securities available for sale, net of tax	-	-	-	-	305	<u>305</u>
Comprehensive loss						<u>(639)</u>
Balance at December 31, 2008	2,000,000	10,000	10,063	(1,501)	304	<u>18,866</u>
Stock-based compensation	-	-	79	-	-	<u>79</u>
Comprehensive loss:						
Net loss	-	-	-	(694)	-	(694)
Change in unrealized gain on securities available for sale, net of tax	-	-	-	-	(499)	<u>(499)</u>
Comprehensive loss						<u>(1,193)</u>
Balance at December 31, 2009	<u>2,000,000</u>	<u>\$ 10,000</u>	<u>10,142</u>	<u>(2,195)</u>	<u>(195)</u>	<u>17,752</u>

See Accompanying Notes to Financial Statements.

JEFFERSON BANK OF FLORIDA

Statements of Cash Flows

(In thousands)

	<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Net loss	\$ (694)	(944)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	211	203
Provision for loan losses	1,001	363
Amortization of deferred loan fees and costs	(2)	(10)
Amortization of premiums and discounts on securities	84	(18)
Deferred income tax benefit	(394)	(542)
Net increase in accrued interest receivable	(159)	(285)
Net increase in other assets	(269)	(75)
Net increase in other liabilities	74	39
Stock-based compensation	79	87
Gain on sale of securities available for sale	<u>(387)</u>	<u>-</u>
Net cash used in operating activities	<u>(456)</u>	<u>(1,182)</u>
Cash flows from investing activities:		
Purchase of securities available for sale	(38,469)	(27,358)
Proceeds from sale of securities available for sale	11,058	985
Proceeds from calls of securities available for sale	13,700	2,500
Principal collected on securities available for sale	849	1,109
Loan originations, net	(17,044)	(26,525)
Purchase of premises and equipment	(37)	(125)
Purchase of Federal Home Loan Bank stock	(425)	(202)
Purchase of certificates of deposit, original maturity over 90 days	<u>(1,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(31,368)</u>	<u>(49,616)</u>
Cash flows from financing activities:		
Net increase in deposits	32,223	25,310
Proceeds from Federal Home Loan Bank advances	5,325	3,000
Net (decrease) increase in Federal funds purchased	(5,193)	5,193
Net (decrease) increase in other borrowings	<u>(174)</u>	<u>3,359</u>
Net cash provided by financing activities	<u>32,181</u>	<u>36,862</u>
Net increase (decrease) in cash and cash equivalents	357	(13,936)
Cash and cash equivalents at beginning of year	<u>414</u>	<u>14,350</u>
Cash and cash equivalents at end of year	\$ <u><u>771</u></u>	<u><u>414</u></u>

(continued)

JEFFERSON BANK OF FLORIDA

Statements of Cash Flows, Continued
(In thousands)

	<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ <u>784</u>	<u>335</u>
Noncash transaction-		
Accumulated other comprehensive income (loss), unrealized gain (loss) on securities available for sale, net of tax	\$ <u>(499)</u>	<u>305</u>

See Accompanying Notes to Financial Statements.

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements

At December 31, 2009 and 2008 and for the Years Then Ended

(1) Summary of Significant Accounting Policies

Organization. Jefferson Bank of Florida (the "Bank") is a state (Florida)-chartered commercial bank. The Bank offers a variety of banking and financial services to individual and corporate customers through its banking office located in Oldsmar, Florida. The deposit accounts of the Bank are insured up to the applicable limits by the Federal Deposit Insurance Corporation.

Management has evaluated all significant events occurring subsequent to the balance sheet date through February 24, 2010, which is the date the financial statements were available to be issued, determining no events require additional disclosure in the financial statements.

The following is a description of the significant accounting policies and practices followed by the Bank, which conform to accounting principles, generally accepted in the United States of America and prevailing practices within the banking industry.

Use of Estimates. In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relates to the determination of the allowance for loan losses and deferred tax assets.

Cash and Cash Equivalents. For purposes of the statements of cash flows, cash and cash equivalents include cash and balances due from banks and federal funds sold, all of which mature within ninety days.

At December 31, 2009 and 2008, the Bank was not required by law or regulation to maintain cash reserves with the Federal Reserve Bank, in accounts with other banks or in the vault.

Securities. Securities may be classified as either trading, held to maturity or available for sale. Trading securities are held principally for resale and recorded at their fair values. Unrealized gains and losses on trading securities are included immediately in operations. Held-to-maturity securities are those which the Bank has the positive intent and ability to hold to maturity and are reported at amortized cost. Available-for-sale securities consist of securities not classified as trading securities nor as held-to-maturity securities. Unrealized holding gains and losses, net of tax, on available-for-sale securities are excluded from operations and reported in accumulated other comprehensive income (loss). Gains and losses on the sale of available-for-sale securities are recorded on the trade date determined using the specific-identification method. Premiums and discounts on securities available for sale are recognized in interest income using the interest method over the period to maturity.

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

Loans. Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge-offs, the allowance for loan losses, and any deferred fees or costs.

Commitment and loan origination fees are capitalized and certain direct origination costs are deferred. Both are recognized as an adjustment of the yield of the related loan.

The accrual of interest on loans is discontinued at the time the loan is ninety days delinquent unless the loan is well collateralized and in process of collection. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses. The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to operations. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific and general components. The specific component relates to loans that are classified as impaired. For such loans, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers all other loans and is based on historical industry loss experience adjusted for qualitative factors.

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

Allowance for Loan Losses, Continued. A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for commercial and commercial real estate loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Bank does not separately identify individual residential real estate loans, lines of credit and consumer loans for impairment disclosures.

Premises and Equipment. Leasehold improvements, furniture, fixtures and equipment, and software are stated at cost less accumulated depreciation and amortization. Depreciation and amortization expense are computed using the straight-line method over the estimated useful life of each type of asset, or the lease term which includes certain renewal options.

Transfer of Financial Assets. Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

Comprehensive Income (Loss). Accounting principles generally require that recognized revenue, expenses, gains and losses be included in operations. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net loss, are components of comprehensive loss. The components of other comprehensive loss and related tax effects are as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Unrealized holding gains (losses) on available for sale securities	\$(411)	488
Reclassification adjustment for gains realized in operations	(387)	-
Net change in unrealized gains (losses)	(798)	488
Income tax effect	<u>299</u>	<u>(183)</u>
Net amount	<u>\$(499)</u>	<u>305</u>

Income Taxes. On January 1, 2009, the Bank adopted the recent accounting guidance relating to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions.

The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Bank determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized. As of December 31, 2009, management is not aware of any uncertain tax positions that would have a material effect on the Bank's financial statements.

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

Income Taxes, Continued. The Bank recognizes interest and penalties on income taxes as a component of income tax expense.

Fair Value Measurements. Generally Accepted Accounting Principles ("GAAP") defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and model-driven valuations whose inputs are observable or whose significant value drivers are observable. Valuations may be obtained from, or corroborated by, third-party pricing services.

Level 3: Unobservable inputs to measure fair value of assets and liabilities for which there is little, if any market activity at the measurement date, using reasonable inputs and assumptions based upon the best information at the time, to the extent that inputs are available without undue cost and effort.

The following describes valuation methodologies used for assets and liabilities measured at fair value-

Securities Available for Sale. Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government bonds, certain mortgage products and exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Examples of such instruments, which would generally be classified within Level 2 of the valuation hierarchy, include certain collateralized mortgage and debt obligations and certain high-yield debt securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy. Securities classified within Level 3 include certain residual interests in securitizations and other less liquid securities.

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

Advertising. The Bank expenses all media advertising as incurred.

Off-Balance Sheet Instruments. In the ordinary course of business the Bank has entered into off-balance sheet financial instruments consisting of commitments to extend credit, unused lines of credit and standby letters of credit. Such financial instruments are recorded in the financial statements when they are funded.

Stock-Based Compensation. The Bank expenses the fair value of any stock options granted. The Bank recognizes stock-based compensation in salaries and employee benefits for officers and employees and in other expense for directors in the statements of operations. The expense is recognized on a straight-line basis over the vesting period.

Recent Pronouncements. In 2009, the FASB Accounting Standards Codification ("ASC") became the single source of authoritative generally accepted accounting principles in the United States of America ("GAAP") recognized by the Financial Accounting Standards Board ("FASB") to be applied to nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") are also sources of authoritative GAAP for SEC registrants. The ASC superseded all existing non-SEC accounting and reporting standards. All other nongrandfathered non-SEC accounting literature not included in the ASC is nonauthoritative. The Bank's policies were not affected by the conversion to ASC.

In 2009, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 166, *Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140*, ("SFAS No. 166") (this SFAS was incorporated into the ASC on January 1, 2010) amending the accounting for the transfers of financial assets. This new standard enhances reporting about transfers of financial assets, including loan participations and securitizations, and where companies have continuing exposure to the risks related to transferred financial assets. It eliminates the concept of a "qualifying special-purpose entity" and changes the requirements for derecognizing financial assets. It also requires additional disclosures about all continuing involvements with transferred financial assets including information about gains and losses resulting from transfers during the period. The standard was effective January 1, 2010 and had no effect on the Bank's financial statements.

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

Recent Pronouncements, Continued. In 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)*, ("SFAS No. 167") (this SFAS has not yet been incorporated into the ASC) (this SFAS was incorporated into the ASC on January 1, 2010) on how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. The standard requires additional disclosures about the reporting entity's involvement with variable-interest entities and any significant changes in risk exposure due to that involvement as well as its effect on the entity's financial statements. The standard was effective January 1, 2010 and had no effect on the Bank's financial statements.

(2) Securities Available for Sale

Securities have been classified according to management's intention. The carrying amount of securities available for sale and their approximate fair values are summarized as follows (in thousands):

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<i>At December 31, 2009:</i>				
U.S. Government agency securities	\$ 36,139	37	(350)	35,826
Mortgage-backed securities	<u>1,808</u>	<u>12</u>	<u>(10)</u>	<u>1,810</u>
	\$ <u>37,947</u>	<u>49</u>	<u>(360)</u>	<u>37,636</u>
<i>At December 31, 2008:</i>				
U.S. Government agency securities	13,674	140	(2)	13,812
Mortgage-backed securities	<u>11,108</u>	<u>349</u>	<u>-</u>	<u>11,457</u>
	\$ <u>24,782</u>	<u>489</u>	<u>(2)</u>	<u>25,269</u>

Available-for-sale securities at December 31, 2009 measured at fair value on a recurring basis are summarized below (in thousands):

	Fair Value As of December 31, 2009	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available-for-sale securities	\$ <u>37,636</u>	<u>-</u>	<u>37,636</u>	<u>-</u>

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(2) Securities Available for Sale, Continued

The scheduled maturities of securities available for sale at December 31, 2009 are as follows (in thousands):

	<u>Amortized Cost</u>	<u>Fair Value</u>
Due in less than one year	\$ 1,300	1,298
Due from one to five years	16,464	16,448
Due from five to ten years	12,204	12,022
Due after ten years	6,171	6,058
Mortgage-backed securities	<u>1,808</u>	<u>1,810</u>
	\$ <u>37,947</u>	<u>37,636</u>

Security sales transactions are summarized as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Principal received from sales	\$ <u>11,058</u>	<u>985</u>
Gross gains	\$ <u>387</u>	<u>-</u>
Gross losses	\$ <u>-</u>	<u>-</u>

The securities with gross unrealized losses at December 31, 2009 and length of time that the individual securities have been in a continuous loss position, is as follows (in thousands):

	<u>Less Than Twelve Months</u>		<u>Over Twelve Months</u>	
	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<i>Securities Available for Sale:</i>				
U.S. Government agency securities	\$(339)	24,829	(11)	984
Mortgage-backed securities	<u>(10)</u>	<u>1,308</u>	<u>-</u>	<u>-</u>
	\$ <u>(349)</u>	<u>26,137</u>	<u>(11)</u>	<u>984</u>

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(2) Securities Available for Sale, Continued

The unrealized loss on fifteen investment securities was caused by market conditions. It is expected that the securities would not be settled at a price less than the par value of the investments. Because the decline in fair value is attributable to changes in market conditions and not credit quality, and because the Bank has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

At December 31, 2009, securities with a fair value of approximately \$12,618,000 were pledged to the State of Florida in order to secure public funds.

(3) Loans

The components of loans are as follows (in thousands):

	<u>At December 31,</u>	
	<u>2009</u>	<u>2008</u>
Residential real estate	\$ 6,319	4,182
Commercial real estate	28,374	17,874
Commercial	10,258	6,059
Lines of credit	256	182
Consumer	<u>283</u>	<u>212</u>
 Total loans	 45,490	 28,509
 Add (deduct):		
Net deferred loan costs	62	7
Allowance for loan losses	<u>(1,375)</u>	<u>(384)</u>
 Loans, net	 \$ <u>44,177</u>	 <u>28,132</u>

An analysis of the change in the allowance for loan losses follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Beginning balance	\$ 384	21
Provision for loan losses	1,001	363
Charge-offs	<u>(10)</u>	<u>-</u>
 Ending balance	 \$ <u>1,375</u>	 <u>384</u>

The Bank had no impaired loans in 2009 or 2008. Also, at December 31, 2009 and 2008, the Bank had no nonaccrual loans or loans which were over ninety days past due but still accruing interest.

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(3) Loans, Continued

The Bank grants the majority of its loans to borrowers throughout the Tampa Bay Area. Although the Bank has a diversified loan portfolio, a significant portion of its borrowers' ability to honor their contracts is dependent upon the economy of this area.

(4) Premises and Equipment

A summary of premises and equipment follows (in thousands):

	<u>At December 31,</u>	
	<u>2009</u>	<u>2008</u>
Leasehold improvements	\$ 1,113	1,113
Furniture, fixtures and equipment	693	660
Software	<u>38</u>	<u>34</u>
Total, at cost	1,844	1,807
Less accumulated depreciation and amortization	<u>(424)</u>	<u>(213)</u>
Premises and equipment, net	<u>\$ 1,420</u>	<u>1,594</u>

The Bank leases its retail banking facility and office suite under operating lease agreements. The Bank facility lease expires in 2017 and contains three five year renewal options. The office suite lease expires in 2012 and contains four three year renewal options. These leases require monthly lease payments and common area maintenance charges. The leases contain escalation clauses during the term of the lease. Rent expense under these operating leases for the years ended December 31, 2009 and 2008 was approximately \$234,000 and \$237,000, respectively. Future minimum rental commitments under these noncancelable leases, which includes certain renewal options, are approximately as follows (in thousands):

<u>Year Ending</u> <u>December 31,</u>	<u>Minimum</u> <u>Annual</u> <u>Rental</u> <u>Payment</u>
2010	\$ 197
2011	200
2012	206
2013	212
2014	218
Thereafter	<u>2,787</u>
	<u>\$ 3,820</u>

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(5) Deposits

The aggregate amount of time deposits, each with a minimum denomination of \$100,000 was approximately \$10,925,000 and \$4,457,000 at December 31, 2009 and 2008, respectively.

At December 31, 2009, maturities of time deposits are as follows (in thousands):

<u>Year Ending December 31,</u>	<u>Amount</u>
2010	\$ 15,426
2011	1,015
2013	<u>118</u>
	<u>\$ 16,559</u>

(6) Federal Home Loan Bank Advances

A summary of the Bank's Federal Home Loan Bank of Atlanta ("FHLB") advances at December 31, 2009 and 2008 by maturity and interest rate follows (in thousands):

<u>Maturity</u>	<u>Rate</u>	<u>At December 31,</u>	
		<u>2009</u>	<u>2008</u>
Daily	Variable ⁽¹⁾	\$ 5,825	3,000
2012	2.13%	<u>2,500</u>	<u>-</u>
		<u>\$ 8,325</u>	<u>3,000</u>

⁽¹⁾ .36% at December 31, 2009.

Advances from the FHLB are collateralized by a blanket floating lien on the Bank's qualifying residential and commercial real estate loans. Also, the Bank had pledged securities as collateral for these advances with a carrying value of approximately \$8,568,000 at December 31, 2009.

(7) Other Borrowings

The Bank enters into repurchase agreements with customers. These agreements require the Bank to pledge securities as collateral for the balance in the accounts. At December 31, 2009 and 2008, the balance totaled \$3,185,000 and \$3,359,000, respectively, and the Bank had pledged securities as collateral for these agreements with a carrying value of approximately \$6,212,000 and \$8,649,000, respectively.

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(8) Income Taxes

The components of the income tax benefit are as follows (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Deferred:		
Federal	\$ 336	463
State	<u>58</u>	<u>79</u>
Total deferred	\$ <u>394</u>	<u>542</u>

The reasons for the difference between the statutory Federal income tax rate of 34% and the effective tax rates are summarized as follows (dollars in thousands):

	<u>Year Ended December 31,</u>			
	<u>2009</u>		<u>2008</u>	
	<u>Amount</u>	<u>% of Pretax Loss</u>	<u>Amount</u>	<u>% of Pretax Loss</u>
Income tax benefit at statutory rate	\$ 370	34.0%	\$ 505	34.0%
Increase (decrease) resulting from:				
State taxes, net of Federal tax benefit	38	3.5	52	3.5
Stock-based compensation	(13)	(1.3)	(14)	(.9)
Nondeductible expenses	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(.1)</u>
	\$ <u>394</u>	<u>36.2%</u>	\$ <u>542</u>	<u>36.5%</u>

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(8) Income Taxes, Continued

Tax effects of temporary differences that give rise to the deferred tax assets and liabilities are as follows (in thousands):

	<u>At December 31,</u>	
	<u>2009</u>	<u>2008</u>
Deferred tax assets:		
Organizational and start-up costs	\$ 321	346
Allowance for loan losses	211	111
Net operating loss carryforwards	918	501
Stock-based compensation	34	17
Unrealized losses on securities available for sale	116	-
Other	<u>18</u>	<u>-</u>
Deferred tax assets	<u>1,618</u>	<u>975</u>
Deferred tax liabilities:		
Deferred loan costs	(46)	-
Accrual to cash conversion	(116)	(59)
Premises and equipment	(73)	(43)
Unrealized gain on securities available for sale	<u>-</u>	<u>(183)</u>
Deferred tax liabilities	<u>(235)</u>	<u>(285)</u>
Net deferred tax asset	<u>\$ 1,383</u>	<u>690</u>

At December 31, 2009, the Bank has net operating loss carryforwards of approximately \$2.4 million available to offset future taxable income. These carryforwards will begin to expire in 2028.

The Bank's Federal and state income tax returns filed since inception remain subject to examination by the respective taxing authorities.

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(9) Off-Balance Sheet Financial Instruments

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments are commitments to extend credit, unused lines of credit and standby letters of credit and may involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet. The contract amounts of these instruments reflect the extent of involvement the Bank has in these financial instruments.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and unused lines of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments as it does for on-balance sheet instruments.

Commitments to extend credit and unused lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's credit worthiness 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 counterparty.

Standby letters of credit are conditional lending commitments issued by the Bank to guarantee the performance of a client to a third party to support public and private borrowing arrangements. The letters of credit issued expire in 2010. The credit risk involved in issued letters of credit is essentially the same as that involved in extending loan facilities to clients.

Commitments to extend credit typically result in loans with a market interest rate when funded. A summary of the amounts of the Bank's financial instruments with off-balance sheet risk at December 31, 2009 follows (in thousands):

	<u>Contract Amount</u>
Commitments to extend credit	\$ <u>2,800</u>
Unused lines of credit	\$ <u>11,124</u>
Standby letters of credit	\$ <u>525</u>

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(10) Stock Option Plan

In 2007, the Bank established a stock option plan for key employees and directors of the Bank. Under the plan, both incentive stock options and nonstatutory stock options can be granted. A total of 300,000 options can be granted under the plan. All options expire ten years from the date of grant. The options granted in 2008 vested 20% immediately and 20% each year over a four year period. At December 31, 2009, 44,000 shares remain available for grant. A summary of stock option activity under this plan is as follows:

	<u>Number of Options</u>	<u>Weighted- Average Exercise Price</u>	<u>Weighted- Average Remaining Contractual Term</u>
Outstanding at December 31, 2007	-	\$ -	
Granted	<u>256,000</u>	10.00	
Outstanding at December 31, 2008 and 2009	<u>256,000</u>	\$ <u>10.00</u>	<u>8.93 years</u>
Exercisable at December 31, 2009	<u>102,400</u>	\$ <u>10.00</u>	<u>8.93 years</u>

There were no options granted, exercised or forfeited during 2009. The fair value of each option granted during 2008 was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Risk-free interest rate	4.26%
Dividend yield	-
Expected stock volatility	6.18%
Expected life in years	6
Per share grant-date fair value of options issued during the year	\$ <u>1.56</u>

The Bank used the guidance issued by the SEC to determine the estimated life of options issued. Expected volatility is based on historical volatility of similar financial institutions. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield assumption is based on the Bank's history and expectation of dividend payments.

At December 31, 2009, there was approximately \$234,000 of total unrecognized compensation expense related to nonvested stock options granted under the plan. The cost is expected to be recognized over the next three years. The total fair value of shares vesting and recognized as compensation expense was approximately \$79,000 and \$87,000 for the years ended December 31, 2009 and 2008, respectively, and the associated income tax benefit recognized was approximately \$16,000 and \$17,000, respectively.

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(11) Related Party Transactions

The Bank enters into transactions during the ordinary course of business with officers and directors of the Bank and entities in which they hold a significant financial interest. The following summarizes these transactions (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Loans:		
Beginning balance	\$ 366	766
Additions	3,346	2,509
Principal repayments	<u>(932)</u>	<u>(2,909)</u>
Balance	\$ <u>2,780</u>	<u>366</u>
Deposits	\$ <u>3,585</u>	<u>2,927</u>

(12) Dividend Restrictions

The Bank is limited in the amount of cash dividends that may be paid. The amount of cash dividends that may be paid is based on the Bank's net earnings of the current year combined with the Bank's retained earnings of the preceding two years, as defined by state banking regulations. However, for any dividend declaration, the Bank must consider additional factors such as the amount of current period net earnings, liquidity, asset quality, capital adequacy and economic conditions. It is likely that these factors would further limit the amount of dividends which the Bank could declare. In addition, bank regulators have the authority to prohibit banks from paying dividends if they deem such payment to be an unsafe or unsound practice.

(13) Employee Benefit Plan

The Bank established a 401(k) plan (the "Plan") in 2008, which is available to employees who have completed ninety days of service and have attained age eighteen. The Bank's expense related to the Plan was approximately \$82,000 and \$59,000 for the years ended December 31, 2009 and 2008, respectively.

(continued)

JEFFERSON BANK OF FLORIDA

Notes to Financial Statements, Continued

(14) Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification 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 percents (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2009, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2009, the most recent notification from the regulatory authorities categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as adequately capitalized the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage percents as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category. The Bank's actual capital amounts and percents are also presented in the table (\$ in thousands):

	<u>Actual</u>		<u>For Capital Adequacy Purposes</u>		<u>For Well Capitalized Purposes</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<i>As of December 31, 2009:</i>						
Total Capital (to Risk-Weighted Assets)	\$ 17,317	31.64%	\$ 4,379	8.00%	\$ 5,474	10.00%
Tier I Capital (to Risk-Weighted Assets)	16,624	30.38	2,189	4.00	3,284	6.00
Tier I Capital* (to Average Assets)	16,624	20.07	3,313	4.00	4,141	5.00*
<i>As of December 31, 2008:</i>						
Total Capital (to Risk-Weighted Assets)	18,257	52.04	2,807	8.00	3,508	10.00
Tier I Capital (to Risk-Weighted Assets)	17,872	50.95	1,403	4.00	2,105	6.00
Tier I Capital* (to Average Assets)	17,872	35.08	2,038	4.00	2,548	5.00*

* The Bank is required to maintain 8.00% throughout the first three years of operations.

Jefferson Bank

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