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Noninterest income for the three months ended June 30, 2008, totaled \$2,081, as compared to \$1,926 for the same period of 2007, an increase of \$155. The increase is primarily the result of increased patronage income for loans sold to the Bank. Noninterest expense for the three months ended June 30, 2008, increased \$376 compared to the same period of 2007. Increases in salaries and employee benefits, occupancy and equipment, and other operating expenses were the primary drivers of the increase. The Association recorded a provision for income taxes of \$9 for the three months ended June 30, 2008, as compared to \$2 for the three months ended June 30, 2007.

***For the six months ended June 30, 2008***

Net income for the six months ended June 30, 2008, totaled \$3,026, as compared to \$4,747 for the same period in 2007. For the six months ended June 30, 2008, net interest income decreased by \$2,599 which was partially offset by an increase of \$546 in investment securities. Interest expense decreased by \$1,349 compared to the same period of 2007. This change in net interest income is the result of both decreased loan income and decreased interest expense on loans. The Association recorded a provision for income taxes of \$9 for the six months ended June 30, 2008, as compared to \$2 for the six months ended June 30, 2007.

ArborOne, ACA  
Consolidated Balance Sheet

(continued)

June 30,  
2008

December 31,  
2007







