



Charles F. Rivers, III
President and Chief Executive Officer

July 28, 2006

Dear Shareholder:

Having opened our doors on February 14, 2006, your new bank is now 164 days old! We have just completed our first full quarter of operation as Charleston's newest community bank. I am very pleased with our progress and growth to date.

For the quarter ending June 30, 2006, total loans outstanding were \$21.7 million, total deposits were \$13.5 million and total assets were \$40.7 million.

We currently have two offices with 22 employees and our seasoned team of bankers is committed to quality growth. We are focused on growing our bank and increasing our shareholders' value.

If you have not had an opportunity to visit one of our offices or our website (www.harborbankgroup.com), we invite you to do so. We would appreciate the opportunity to introduce you to our employees and tell you about our competitive financial services. In order to help us communicate better with you, please forward your e-mail address to Lee Gleaton (lgleaton@harborbankgroup.com).

I appreciate your confidence and support and I am very excited about our opportunities in the future.

Best regards,

A handwritten signature in blue ink, appearing to read 'C. Rivers', with a long, sweeping horizontal line extending to the right.

Charles F. Rivers, III
President / Chief Executive Officer
crivers@harborbankgroup.com

CFR/alg

yes!