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Dear Customers and Friends,

What a difference a year makes. We are in an unprecedented economic environment. The global, national and local financial communities are in crisis. MBank is not immune to this new, unwelcomed reality.

Since its inception in 1995, MBank has proudly and profitably served a broad range of customers. For its first twelve years, the bank was on the offensive. We positioned the company for stable growth, opened branches, built a team, actively engaged in our communities, made steady profits and rewarded our shareholders.

However, when the land development and housing sector soured in 2008, MBank began to feel the impact. Throughout the year, our sizeable floating rate loan portfolio also felt the impact of relentless interest rate cuts by the Federal Reserve. Housing demand slumped, unsold inventories bulged and many borrowers began to have difficulty servicing their debt. The bank's non-performing assets (mostly loans that the bank is not receiving interest on and never an issue in our first twelve years) also grew and further reduced profits and resources. This has been the perfect storm of troubling news.

Already in a recessionary 2009, we are challenged with stalled growth, large branch infrastructure, unprecedented real estate and construction loan issues, and record amounts that we are putting into provisions for loan losses. As a whole, these issues have had a dramatic and negative impact on earnings in 2008. We find comfort, however, in our knowledge of customer relationships including our borrowers' ability to recover as well as the quality of our collateral underlying these stressed assets. MBank has remained true to our local lending roots. We continue to avoid derivative investments and commercial paper - instead, sticking to what we are able to see, touch and feel - the structures, land and dirt right here in our local community.

For the balance of 2009, the board and management are committed to doing everything they possibly can to restore earnings, work out of our difficult loan issues and serve our valued customers.

Sincerely,

A handwritten signature in black ink that reads "Thomas A. Perrick".

Thomas A. Perrick  
President/CEO

A handwritten signature in black ink that reads "Rex Brittle".

Rex Brittle  
Chairman of the Board

<b>Balance Sheet (Unaudited)</b>	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
Cash and due from banks	\$10,892,219	\$10,711,162
Available-for-sale securities, at est. fair value	27,802,312	23,192,664
Securities Held at Fair Value	0	0
Federal Home Loan Bank stock	2,041,500	2,041,500
Loans held for sale	0	0
Loans, net of allowance for loan losses and unearned income	238,741,549	243,241,172
Bank premises and equipment, net depreciation and amortization	8,048,212	8,710,160
Other real estate owned	167,622	403,000
Goodwill	1,159,018	1,159,019
Cash surrender value of bank-owned life ins.	7,315,508	5,885,962
Accrued interest and other assets	<u>5,690,576</u>	<u>3,334,524</u>
<b>TOTAL ASSETS</b>	<b><u>\$301,858,516</u></b>	<b><u>\$298,679,163</u></b>
<b>Liabilities and Stockholders' Equity</b>		
Demand deposit and NOW accounts	\$37,190,780	\$40,036,423
Money market and savings accounts	37,621,309	50,974,691
Time deposits	<u>161,838,254</u>	<u>131,935,443</u>
Total deposits	236,650,343	222,946,557
Repurchase agreements	4,862,403	7,864,924
Federal Home Loan Bank borrowings	31,500,000	34,000,000
Junior subordinated debentures	5,155,000	5,155,000
Accrued interest payable and other liabilities	<u>1,515,998</u>	<u>1,570,963</u>
Total liabilities	279,683,744	271,537,444
Minority Interest in Fenton, Wangler Financial	34,188	27,368
<b>Stockholders' Equity</b>		
Common stock (4,380,032 shares at 12/31/08)	4,380,032	4,574,032
Additional paid-in capital	18,810,334	20,315,914
Retained earnings	(1,358,034)	2,067,736
Accumulated other comprehensive income	<u>308,252</u>	<u>156,669</u>
Total stockholders' equity	<u>22,140,584</u>	<u>27,114,351</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$301,858,516</u></b>	<b><u>\$298,679,163</u></b>