

**UNITED STATES
FEDERAL DEPOSIT INSURANCE CORPORATION**

WASHINGTON, D.C. 20329-9900

FORM 10-QSB

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2006

Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

FDIC Certificate No.: 58072

USA BANK

(Exact name of small business issuer as specified in its charter)

New York

(State or other jurisdiction if incorporation or organization)

20-0646362

(I.R.S. Employer Identification No.)

211 Irving Street, Port Chester, New York 10573

(Address of principal executive offices)

(914) 939-3700

(Issuer's telephone number)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [] No [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act. Yes [] No [X]

As of August 10, 2006, 5,750,000 shares of the Issuer's common stock, \$2.00 par value, were issued and outstanding.

Transitional Small Business Disclosure Format (check one): Yes [] No [X]

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PART I

Item 1. Financial Statements

USA BANK**BALANCE SHEETS**

June 30, 2006 (unaudited) and December 31, 2005

	June 30, 2006 2006	December 31, 2005
ASSETS		
Cash and due from banks	\$ 1,854,576	\$ 200,433
Federal funds sold	11,343,808	15,600,000
Short term investments	20,350,000	-
Cash and cash equivalents	<u>33,548,384</u>	<u>15,800,433</u>
Held to maturity securities	1,906,162	-
Loans held for sale at fair value	435,000	-
Loans secured by real estate	16,406,004	-
Consumer loans	4,448,184	-
Deferred loan costs	159,202	-
Total loans and deferred loan costs	<u>21,013,390</u>	<u>-</u>
Allowance for loan losses	(185,000)	-
Loans, net	<u>20,828,390</u>	<u>-</u>
Leasehold improvements and equipment, net	743,949	417,396
Prepaid expenses	146,963	213,440
Accrued interest receivable	102,717	3,430
Other assets	358,761	194,673
Total assets	<u>\$ 58,070,326</u>	<u>\$ 16,629,372</u>
 LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities		
Deposits		
Noninterest bearing deposits	\$ 2,994,766	\$ 20,143
Interest bearing deposits	24,390,941	1,929,418
Total deposits	<u>27,385,707</u>	<u>1,949,561</u>
Advances from organizers	-	1,953,006
Accrued expenses and other liabilities	1,457,643	532,633
Total liabilities	<u>28,843,350</u>	<u>4,435,200</u>
Commitments and Contingencies	-	-
 Stockholders' Equity		
Common stock, par value \$2; 5,750,000 and 2,333,334		
Shares authorized, issued and outstanding at		
June 30, 2006 and December 31, 2005, respectively	11,500,000	4,666,668
Additional paid-in capital, net of stock issuance costs	21,199,339	9,036,820
Accumulated Deficit	(3,472,363)	(1,509,316)
Total stockholders' equity	<u>29,226,976</u>	<u>12,194,172</u>
Total liabilities and stockholders' equity	<u>\$ 58,070,326</u>	<u>\$ 16,629,372</u>

See Accompanying Notes to Financial Statements

USA Bank

STATEMENTS OF OPERATIONS

**For the Three Months and Six Months Ended June 30, 2006 and 2005
(unaudited)**

	Three Months Ended June		Six Months Ended June	
	2006	2005	2006	2005
Interest Income				
Interest on Federal funds sold	\$ 186,047	\$ -	\$ 397,830	\$ -
Interest on loans	205,083	-	241,874	-
Other interest income	591	1,250	591	3,157
Total interest income	<u>391,721</u>	<u>1,250</u>	<u>640,295</u>	<u>3,157</u>
Interest Expense				
Interest expense on deposits	141,016	-	208,758	-
Total interest expense	<u>141,016</u>	<u>-</u>	<u>208,758</u>	<u>-</u>
Net interest income	<u>250,705</u>	<u>1,250</u>	<u>431,537</u>	<u>3,157</u>
Provision for loan losses	<u>131,000</u>	<u>-</u>	<u>185,000</u>	<u>-</u>
Net interest income after the provision for loan losses	<u>119,705</u>	<u>1,250</u>	<u>246,537</u>	<u>3,157</u>
Noninterest Income				
Service charges	8,581	-	11,848	-
Total noninterest income	<u>8,581</u>	<u>-</u>	<u>11,848</u>	<u>-</u>
Noninterest Expense				
Salaries and employee benefits	696,933	-	1,245,535	-
Occupancy and equipment	124,323	24,893	199,892	36,273
Professional fees	58,668	30,000	88,193	57,500
Legal	37,540	3,600	67,305	11,356
Contract services	28,626	7,278	41,694	10,767
Printing, stationery and supplies	44,536	8,228	66,422	15,420
Advertising	125,000	-	200,000	-
Data and item processing	69,923	-	141,788	-
Other	116,168	68	170,603	258
Total noninterest expense	<u>1,301,717</u>	<u>74,067</u>	<u>2,221,432</u>	<u>131,574</u>
Net loss	<u>\$ (1,173,431)</u>	<u>\$ (72,817)</u>	<u>\$(1,963,047)</u>	<u>\$(128,417)</u>
Basic and diluted loss per share	<u>\$ (0.49)</u>	<u>NA</u>	<u>\$ (0.83)</u>	<u>NA</u>

See Accompanying Notes to Financial Statements

USA BANK
STATEMENTS OF SHAREHOLDERS' EQUITY
For the Six Months Ended June 30, 2006 and 2005 (unaudited)

	Number Of Shares	Common Stock	Additional Paid in Capital Net of Stock Issuance Costs	Accumulated Deficit	Total
Balance, January 1, 2005	-	\$ -	\$ -	\$ (196,997)	\$ (196,997)
Comprehensive loss:					
Net loss	-	-	-	(128,417)	(128,417)
Total comprehensive loss					(128,417)
Balance, June 30, 2005	-	\$ -	\$ -	\$ (325,414)	\$ (325,414)
Balance, January 1, 2006	2,333,334	\$ 4,666,668	\$ 9,036,820	\$ (1,509,316)	\$12,194,172
Issuance of common stock	3,416,666	6,833,332	12,162,519	-	18,995,851
Comprehensive loss:					
Net loss	-	-	-	(1,963,047)	(1,963,047)
Total comprehensive loss					(1,963,047)
Balance, June 30, 2006	<u>5,750,000</u>	<u>\$11,500,000</u>	<u>\$ 21,199,339</u>	<u>\$ (3,472,363)</u>	<u>\$ 29,226,976</u>

See Accompanying Notes to Financial Statements

USA BANK
STATEMENTS OF CASH FLOW
For the Six Months Ended June 30, 2006 and 2005 (unaudited)

	Six Months Ended	
	June 30, 2006	June 30, 2005
Cash Flows from Operations		
Net loss	\$ (1,963,047)	\$ (128,417)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	89,327	-
Provision for loan losses	185,000	-
Changes in assets and liabilities:		
Increase in deferred loan costs	(159,202)	-
Decrease (increase) in prepaid expenses	66,477	(107,884)
Increase in accrued interest receivable	(99,287)	-
Increase in other assets	(164,088)	(600)
Increase (decrease) in accrued expenses and other liabilities	925,010	(7,500)
Net cash used in operating activities	<u>(1,119,810)</u>	<u>(244,401)</u>
Cash Flows from Investing Activities		
Net increase in loans receivable	(20,854,188)	-
Purchase of leasehold improvements and equipment	(415,880)	(105,059)
Purchase of held to maturity securities	(1,906,162)	-
Increase in loans held for sale	(435,000)	-
Net cash used in investing activities	<u>(23,611,230)</u>	<u>(105,059)</u>
Cash Flows from Financing Activities		
Net increase in time deposits	12,742,975	-
Net increase in other deposits	12,693,171	-
(Decrease) increase in advances from organizers	(1,953,006)	510,000
Net proceeds from sale of common stock	18,995,851	-
Net cash provided by financing activities	<u>42,478,991</u>	<u>510,000</u>
Net increase in cash and cash equivalents	17,747,951	160,540
Cash and cash equivalents		
Beginning	15,800,433	600,134
Ending	<u>\$ 33,548,384</u>	<u>\$ 760,674</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for:		
Interest	<u>\$ 180,457</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

USA Bank
Notes to Financial Statements
(Unaudited)

Note 1. Nature of Operations

USA Bank (the “Bank”) is a State of New York chartered commercial bank whose deposits are insured by the Federal Deposit Insurance Corporation. The Bank offers traditional commercial banking services to customers through its main office in Port Chester, NY.

Formation of the Bank and development stage activities

On September 30, 2004, the Bank submitted an application fee to the State of New York Banking Department and commenced the development stage activities needed to form a bank. Prior to this date, certain costs were incurred by organizers on behalf of the Bank, which are included in operations. On February 5, 2005, the Bank submitted its Certificate of Merit to the State of New York Banking Department and its Organization Certificate was approved and filed by the State of New York Banking Department on August 17, 2005.

On December 21, 2005, the Bank completed the sale of its common stock. On December 22, 2005, the Bank received its Authorization Certificate from the State of New York Banking Department to operate as a commercial bank and obtained insurance from the Federal Deposit Insurance Corporation (the “FDIC”) and commenced business operations.

From January 2004 to December 2005, the Bank was primarily involved with organizational activities, raising capital and satisfying other conditions precedent to receiving final regulatory approval.

Prior to December 23, 2005, the Bank was a development stage enterprise. The Bank’s activities as a development stage enterprise consisted primarily of organizing a state chartered commercial bank, planning its operations and selling its common stock.

Note 2. Basis of Financial Statement Presentation

The balance sheet at December 31, 2005 has been derived from the audited financial statements of the Bank at that date, but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

The accompanying unaudited financial statements as of and for the three months and six months ended June 30, 2006 and 2005 have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted. The accompanying financial statements and notes thereto should be read in conjunction with the audited financial statements of the Bank and notes thereto as of December 31, 2005.

The accompanying unaudited financial information reflects, in the opinion of management, all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the interim reports presented. The results of operations for the three and six months ended June 30, 2006 are not necessarily indicative of operations that may be expected for all of 2006.

Summary of Significant Accounting Policies

Investments in debt and marketable equity securities

Management determines the appropriate classification of securities at the date individual investment securities are acquired, and the appropriateness of such classification is reassessed at each balance sheet date.

Debt securities that management has the positive intent and ability to hold to maturity are classified as “held to maturity” and recorded at amortized cost. “Trading” securities, if any, are carried at fair value with unrealized gains and losses recognized in earnings. Securities not classified as held to maturity or trading, including equity securities with readily determinable fair values, are classified as “available for sale” and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income, net of taxes.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the fair value of held to maturity and available for sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (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. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

The sale of a held to maturity security within three months of its maturity date or after collection of at least 85% of the principal outstanding at the time the security was acquired is considered a maturity for purposes of classification and disclosure.

Loans held for sale

Loans held for sale are loans the Bank has the intent to sell in the foreseeable future, and are carried at the lower of aggregate cost or market value. Gains and losses on sales of loans are determined by the difference between the sales proceeds and the carrying value of the loans.

Transfers 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 to pledge or exchange the transferred assets and no condition both constrains the transferee from taking advantage of that right and provides more than a trivial benefit for the transferor, and (3) the transferor does not maintain effective control over the transferred assets through either (a) an agreement that both entitles and obligates the transferor to repurchase or redeem the assets before maturity or (b) the ability to unilaterally cause the holder to return specific assets, other than through a cleanup call.

Loans receivable

Loans receivable are stated at their current unpaid principal balances, net of the allowance for loan losses and net deferred loan origination fees and costs. The Bank has the ability and intent to hold its loans receivable for the foreseeable future or until maturity or payoff.

Impaired loans, if any, are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at the loan's observable market price or the fair value of the collateral, if the loan is collateral dependent. The amount of impairment, if any, and any subsequent changes are recorded as adjustments to the allowance for loan losses. A loan is impaired when it is probable the Bank will be unable to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement.

A loan is classified as a restructured loan when certain concessions have been made to the original contractual terms, such as a reduction in interest rate or deferral of interest or principal payments, due to the borrower's financial condition.

Management considers all nonaccrual loans, other loans past due 90 days or more, and restructured loans to be impaired. In most cases, loan payments that are past due less than 90 days, based on contractual terms, are considered minor collection delays, and the related loans are not considered to be impaired.

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 earnings. Loans 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, general and unallocated components. The specific component relates to loans that are classified as either doubtful, substandard or special mention. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price if the loan is collateral dependent) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component may be maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

Interest and fees on loans

Interest on loans is accrued and included in operating income based on contractual rates applied to principal amounts outstanding. The accrual of interest income is discontinued whenever reasonable doubt exists as to its collectibility and generally is discontinued when loans are past due 90 days, based on contractual terms, as to either principal or interest, or are otherwise considered impaired. When the accrual of interest income is discontinued, all previously accrued and uncollected interest is reversed against interest income. The accrual of interest on loans past due 90 days or more may be continued if the loan is well secured, and it is believed all principal and accrued interest income due on the loan will be realized, and the loan is in the process of collection. A nonaccrual loan is restored to an accrual status when it is no longer delinquent and collectibility of interest and principal is no longer in doubt.

Loan origination fees, net of direct loan origination costs, are deferred and amortized as an adjustment of the loan's yield generally over the contractual life of the loan, utilizing the interest method.

Impairment of long-lived assets

Long-lived assets, including premises and equipment, which are held and used by the Bank, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If impairment is indicated by that review, the asset is written down to its estimated fair value through a charge to noninterest expense.

Basic and diluted earnings (loss) per share

Basic earnings per share (“EPS”) excludes dilution and is calculated by dividing net income (loss) available to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted EPS is computed in a manner similar to that of basic EPS except that the weighted-average number of common shares outstanding is increased to include the number of incremental common shares (computed using the treasury stock method) that would have been outstanding if all potentially dilutive common shares (such as stock options and unvested restricted stock) were issued during the period. As of and for the three and six months ended June 30, 2006, there were no potentially dilutive common shares outstanding.

Note 3. Deposits

At June 30, 2006 and December 31, 2005, deposits consisted of the following:

	June 30, 2006	December 31, 2005
Non interest bearing	<u>\$ 2,994,766</u>	<u>\$ 20,143</u>
Interest bearing deposits		
NOW and money market	2,886,298	658,791
Savings	8,761,668	1,270,627
Time Certificates under \$100,000	11,879,881	-
Time Certificates of \$100,000 or more	<u>863,094</u>	<u>-</u>
Total	<u>24,390,941</u>	<u>1,929,418</u>
Total deposits	<u>\$ 27,385,707</u>	<u>\$ 1,949,561</u>

Included in time deposits at June 30, 2006 and December 31, 2005 were brokered deposits totaling \$11,247,223 with original maturities of four to thirteen weeks and \$ - 0 -, respectively.

Note 4. Income Taxes

A reconciliation of the anticipated income tax benefit (computed by applying the statutory Federal income tax rate (34%) to the loss before income taxes) to the amount reported on the statement of operations for the six months ended June 30, 2006 (unaudited) is not presented since the only significant reconciling item is the change in the valuation allowance to adjust the deferred tax asset to \$ - 0 -, which is the amount considered by management more likely than not to be realized as of June 30, 2006. At June 30, 2006, the Bank had a net operating loss carryforward of approximately \$3.4 million, expiring at various dates through 2026.

Note 5. Loss per Share

The Bank's loss per share for the three and six months ended June 30, 2006 was calculated by dividing the loss for the respective periods by the weighted average shares outstanding. No loss per share was calculated for the three and six months ended June 30, 2005 as no shares were outstanding in 2005 until the Bank commenced operations on December 23, 2005. The calculation of the loss per share for the three and six months ended June 30, 2006 appears below:

	Three Months Ended June 30, 2006	Six Months Ended June 30, 2006
Net Loss	\$ (1,173,431)	\$ (1,963,047)
Weighted Average Shares	2,370,880	2,352,211
Basic and diluted loss per share	<u>\$ (0.49)</u>	<u>\$ (0.83)</u>

Note 6. Related Party Transactions

In the normal course of business, the Bank may grant loans to executive officers, directors and members of their immediate families, as defined, and to entities in which these individuals have more than a 10% equity ownership. Such loans are transacted at terms including interest rates, substantially the same as those available to unrelated customers. The aggregate dollar amount of advances to related parties was \$1,224,224 and \$41,250 at June 30, 2006 and December 31, 2005, respectively.

Related party deposits aggregated approximately \$ 957,753 and \$589,499 as of June 30, 2006 and December 31, 2005, respectively.

Note 7. Financial Instruments with Off-Balance Sheet Risk

In the normal course of business the Bank issues commitments to extend credit in the future. These commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the financial statements.

The contractual amounts of these commitments involving credit risk are as follows at June 30, 2006 (unaudited) and December 31, 2005:

	June 30 2006	December 31, 2005
Future loan commitments	\$ 9,331,300	\$ 479,106
Unused lines of credit	6,395,541	-
	<hr/>	<hr/>
Total	\$ 15,726,841	\$ 479,106
	<hr/> <hr/>	<hr/> <hr/>

The Bank uses the same credit policies and procedures in making commitments and conditional obligations as it does for on-balance-sheet instruments and evaluates each customer's creditworthiness on a case by case basis.

Commitments to extend credit are predicated upon the continued creditworthiness of the borrower, satisfactory documentation, and the absence of any violation of any condition established in the loan commitment. Commitments to extend credit generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower. Since these commitments could expire without being drawn upon, the total commitment amounts do not necessarily represent cash requirements.

Standby letters of credit are written commitments issued by the Bank to guarantee the performance of a customer to a third party. Standby letters of credit are an unfunded obligation of the Bank and the credit risk involved in issuing these instruments is essentially the same as that involved in extending loan facilities to customers. As of June 30, 2006 and December 31, 2005 the Bank had not issued any standby letters of credit.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is intended to assist you in understanding the financial condition and results of operations of the Bank. This discussion should be read in conjunction with the accompanying unaudited financial statements as of and for the three and six months ended June 30, 2006 and 2005, along with the audited financial statements as of and for the year ended December 31, 2005, included in the Bank's Annual Report for the year ended December 31, 2005.

Summary

As of June 30, 2006 the Bank had \$58.1 million in total assets, \$33.5 million in cash and equivalents, \$20.8 million in loans, net of the allowance for loan losses, and \$27.4 million in deposits. Total equity capital at June 30, 2006 was \$29.2 million, representing a Tier 1 Leverage Capital Ratio of 97.60%. Net interest margin for the three months and six months ended June 30, 2006 was 3.71% and 3.53%, respectively. The Bank had net losses of approximately \$1,173,000 (or \$0.49 per share) and \$1,963,000 (or \$0.83 per share) for the three months and six months ended June 30, 2006, respectively, as compared to net losses of \$73,000 and \$128,000 for the three months and six months ended June 30, 2005, respectively.

The results of operations for the three and six months ended June 30, 2006 reflects the early stages of gathering deposits and approving loans. The Bank's management also committed substantial resources during the first and second quarters of 2006 in raising additional capital. During the three and six months ended June 30, 2005 the Bank's activities focused on preparing the Bank's regulatory application and there were no staff and minimal expenses of a branch facility during that period.

Critical Accounting Policy

In the ordinary course of business, the Bank has made a number of estimates and assumptions relating to reporting results of operations and financial condition in preparing its financial statements in conformity with accounting principals generally accepted in the United States of America. Actual results could differ significantly from those estimates under different assumptions and conditions. The Bank's management believes the following discussion addresses the Bank's only critical accounting policy, which is the policy that is most important to the portrayal of the Bank's financial condition and results of operations and requires management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The Bank's management has reviewed this critical accounting policy and the resulting estimate with its audit committee. Refer to the discussion below under "Allowance for Loan Losses."

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 earnings. Loans 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 on 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.

While the Bank has no classified or impaired loans at June 30, 2006, it is expected that the Bank's ongoing allowance for loan losses analysis will result in an allowance for loan losses that consists of specific, general and unallocated components. The specific component relates to loans that are classified loss, substandard or special mention. For such loans that are also classified as impaired, 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 non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component may be maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

Based upon this evaluation, management believes the allowance for loan losses of \$185,000 or 0.9% of gross loans at June 30, 2006 is adequate, under prevailing economic conditions, to absorb losses on existing loans. At December 31, 2005 there were no loans as the Bank had just commenced operations.

Recent Accounting Changes

There were no recent accounting changes that impacted the Bank's procedures during the three and six months ended June 30, 2006.

Comparison of Financial Condition as of June 30, 2006 versus December 31, 2005

General

The Bank's total assets were \$58.1 million at June 30, 2006, an increase of \$41.5 million (250%) from \$16.6 million at December 31, 2005. Earning assets as of June 30, 2006 were \$54.6 million, an increase of \$39.0 million (250%) from \$15.6 million at December 31, 2005. This growth in earning assets reflects both the utilization of the \$20.5 million of capital raised (before stock issuance costs) during the quarter ended June 30, 2006 to purchase short term investments and the utilization of the approximate \$25.4 million in deposit growth to fund the approximate \$21.0 million of loan growth during the first six months of 2006.

Federal funds sold and short term investments

The balance in Federal funds sold and short term investments reached \$31.7 million at June 30, 2006, which is an increase of \$16.1 million over the \$15.6 million balance at December 31, 2005. As Federal funds sold are invested overnight, this liquidity provides a source of income as well as funding for loans or longer term investments in keeping with the guidelines established by the Bank's Asset and Liability Management Committee.

Loans

Loans, net of the allowance for loan losses, reached \$20.8 million at June 30, 2006. The loan portfolio consisted of home equity lines of credit of \$11.8 million, variable rate mortgages of \$4.6 million and consumer loans of \$4.4 million. The ratio of gross loans to deposits as of June 30, 2006 was 76.7% up from the March 31, 2006 ratio of 41%, as the Bank continues to advance towards its targeted loan to deposit ratio of 80% to 90%.

Allowance for Loan Losses and Non-Accrual, Past Due and Restructured Loans

The Bank is required to provide for loan losses based on various factors. The allowance for loan losses consists solely of the current year provision of \$185,000 as calculated for the first six months of 2006. The Bank has not experienced any non-accrual, past due or restructured loans during its first six months of operations.

Deposits

Deposits were \$27.4 million at June 30, 2006, an increase of \$25.4 million from the \$1.9 million in deposits at December 31, 2005. Noninterest bearing deposits were approximately \$3.0 million at June 30, 2006 substantially all of which were raised during the first six months of 2006. Interest bearing deposits were approximately \$24.4 million at June 30, 2006, an increase of \$22.5 million from the \$1.9 million in interest bearing deposits at December 31, 2005. The growth in savings accounts of \$7.5 million and the purchase of \$11.3 million of short term certificates of deposits during the six months of 2006 has provided the primary funding source for the growth in the loan portfolio.

Advances from Organizers

Advances from organizers decreased \$1,953,006 as the majority of these advances were converted into common stock in the dealer offering completed on June 30, 2006.

Accrued expenses and other liabilities

Accrued expenses and other liabilities increased \$925,000 to \$1,457,600 at June 30, 2006 from \$532,600 at December 31, 2005. The cause of this increase was primarily due to the accrual for commissions due to brokers related to the secondary stock offering, which closed on June 30, 2006.

Results of Operations

The Bank experienced a net loss of \$1,963,000 during its first six months of operation as compared to a net loss of \$128,000 for the first six months of 2005. The results for the six months ended June 30, 2006 include a full staffing complement to operate a one branch bank and to staff a loan origination and loan sale function, the latter of which is anticipated to positively contribute to our results of operations. The operating results for the six months ended June 30, 2005 reflect the fact that the Bank was in organization prior to opening on December 23, 2005.

Net interest income

The Bank's net interest income is dependent primarily upon the difference or spread between the average yield earned on loans and securities and the average rate paid on deposits and borrowings as well as the relative amounts of such interest earning assets and interest bearing liabilities. As the Bank just began its operations in December of 2005 after raising \$14.0 million in capital before stock issuance costs, the spread between Federal funds sold and its capital base, which has no interest expense component, also contributes significantly to interest income. The Bank completed its secondary stock offering on June 30, 2006 in which it raised \$20.5 million in capital before stock issuance costs, which was invested for only one day through the period ended June 30, 2006 and therefore had a minimal impact on interest income during this period. The Bank, like other banking institutions, is subject to interest rate risk to the degree that its interest bearing liabilities reprice at different times than its interest earning assets.

Average Balances, Yields and Rates

The following table presents average balance sheets (daily averages), interest income, interest expense, and the corresponding annualized rates on earning assets and rates paid on interest bearing liabilities for the three months ended June 30, 2006. No similar schedule is presented for the three months ended June 30, 2005 as the Bank was in organization and therefore was not able to gather deposits or make loans.

Distribution of Assets, Liabilities and Shareholders' Equity: Interest Rates and Interest Differential

	Three Months Ended June 30, 2006		
	Average Balance	Interest	Average Rate
Interest earning assets			
Loans (1)	\$ 11,998,966	\$ 205,083	6.84%
Investments	42,125	591	5.61%
Federal funds sold	14,986,681	186,047	4.97%
Total interest earning assets	<u>27,027,772</u>	<u>391,721</u>	<u>5.80%</u>
Cash and due from banks	1,401,256		
Premises and equipment, net	681,856		
Allowance for loan losses	(85,427)		
Other	919,496		
Total assets	<u>\$ 29,944,953</u>		
Interest bearing liabilities			
Savings deposits	8,969,284	89,958	4.01%
Money market and NOW	1,505,829	9,249	2.46%
Time deposits	3,221,828	41,809	5.19%
Total interest bearing liabilities	<u>13,696,941</u>	<u>141,016</u>	<u>4.12%</u>
Non-interest bearing deposits	2,991,334		
Accrued expenses and other liabilities	2,154,628		
Shareholders' equity	11,102,050		
Total liabilities and equity	<u>\$ 29,944,953</u>		
Net interest income		<u>\$ 250,705</u>	
Interest spread			<u>1.68%</u>
Interest margin			<u>3.71%</u>

(1) There were no nonaccruing loans during the three months ended June 30, 2006.

The following table presents average balance sheets (daily averages), interest income, interest expense, and the corresponding annualized rates on earning assets and rates paid on interest bearing liabilities for the six months ended June 30, 2006. No similar schedule is presented for the six months ended June 30, 2005 as the bank was in organization and therefore was not able to gather deposits or make loans.

	Six Months Ended June 30, 2006		
	Average Balance	Interest	Average Rate
Interest earning assets			
Loans (1)	\$ 7,176,448	\$ 241,874	6.74%
Investments	21,062	591	5.61%
Federal funds sold	17,217,785	397,830	4.62%
Total interest earning assets	<u>24,415,295</u>	<u>640,295</u>	<u>5.25%</u>
Cash and due from banks	1,319,864		
Premises and equipment, net	558,410		
Allowance for loan losses	(47,530)		
Other	759,582		
Total assets	<u>\$ 27,005,621</u>		
Interest bearing liabilities			
Savings deposits	7,789,139	151,592	3.89%
Money market and NOW	1,159,075	13,845	2.39%
Time deposits	1,664,414	43,321	5.21%
Total interest bearing liabilities	<u>10,612,628</u>	<u>208,758</u>	<u>3.93%</u>
Non-interest bearing deposits	2,637,071		
Accrued expenses and other liabilities	2,218,718		
Shareholders' equity	11,537,204		
Total liabilities and equity	<u>\$ 27,005,621</u>		
Net interest income		<u>\$ 431,537</u>	
Interest spread			<u>1.32%</u>
Interest margin			<u>3.53%</u>

(1) There were no nonaccruing loans during the six months ended June 30, 2006.

Changes in Assets and Liabilities and Fluctuations in Interest Rate

As the Bank was in organization and had no loans, investments or interest bearing liabilities during the three months or six months ended June 30, 2005, the change in interest for the three months and six months ended June 30, 2006 as compared to the three months and six months ended June 30, 2005 was primarily due to increased volume. Net interest income was approximately \$251,000 and \$431,000 for the three and six months ended June 30, 2006, respectively. This is compared to net interest income of approximately \$1,000 and \$3,000 for the three and six months ended June 30, 2005, respectively.

Provision for Loan Losses

The provision for loan losses for the three months ended and six months ended June 30, 2006 was \$131,000 and \$185,000, respectively, which represents the amount considered necessary by management to maintain an adequate allowance for loan losses based on management's analysis of loan risk ratings and other factors. There was no provision for the three months and six months ended June 30, 2005 as the Bank was in organization and did not have any loans receivable at that time.

Noninterest income

Noninterest income was approximately \$9,000 and \$12,000 for the three and six months ended June 30, 2006, respectively. This income was primarily from deposit charges during both periods. There was no noninterest income for the three and six months ended June 30, 2005, a period prior to the Bank's beginning operations.

Noninterest expense

Total noninterest expense was approximately \$1,302,000 for the three months ended June 30, 2006 versus approximately \$74,000 for the same period in 2005, an increase of \$1,228,000. The cause of the increase relates to the fact that the Bank opened on December 23, 2005 as compared to the Bank's being in organization during the first three months of 2005. Increases in staff expense and occupancy and equipment expense were the primary causes of the overall increase. Staff expense was approximately \$697,000 for the three months ended June 30, 2006 reflecting thirty two full time equivalent employees at June 30, 2006 and compares to no staff expense during the first three months of 2005. Occupancy was approximately \$124,000 for the three months ended June 30, 2006 an increase of approximately \$99,000 over the \$25,000 incurred during the three months ended June 30, 2005. The primary cause of the increase in occupancy for the three months ended June 30, 2006 as compared to the three months ended June 30, 2005 was rent which increased by \$49,000, amortization and depreciation of leasehold improvements, furniture and fixtures and equipment which increased by \$26,000 and branch security at \$14,000 for the six months ended June 30, 2006 versus no comparable expenditure for the three months ended June 30, 2005. Advertising expense and data processing expense were \$125,000 and approximately \$70,000, respectively, for the three months ended June 30, 2006, with no similar expenditures incurred during the three months ended June 30, 2005 as operations had not yet begun.

Return on Average Equity and Average Assets

The return on average equity reflecting losses for the three and six months ended June 30, 2006 were (42.3)% and (34.0)%, respectively. For the three and six months ended June 30, 2005 the return on average equity reflecting losses were (100.8) % and (98.3) %, respectively.

The return on average assets reflecting losses for the three and six months ended June 30, 2006 were (15.7)% and (14.5)%, respectively. For the three and six months ended June 30, 2005 the return on average assets reflecting losses were (36.0) % and (32.3) %, respectively.

Liquidity

The liquidity ratio is defined as the percentage of liquid assets to total assets. The following categories of assets in the accompanying balance sheet are considered liquid assets: cash and due from banks and federal funds sold. Liquidity is a measure of the Bank's ability to generate adequate cash to meet financial obligations. The principal cash requirements of a financial institution are to cover downward fluctuations in deposits and increases in its loan portfolio.

Management believes that the Bank's short term assets provide excess liquidity with liquid assets of approximately \$33.5 million (57.7% of total assets) at June 30, 2006 and \$15.8 million (95.0% of total assets) at December 31, 2005. The Bank is in the process of approving and recording loans as well as establishing an investment portfolio to enable it to secure municipal deposits. The relatively flat yield curve in the recent increasing rate environment provided little incentive to develop the investment portfolio during the first six months of 2006. As the Bank generates municipal deposits, it will begin to develop its investment portfolio in order to be able to pledge these assets to secure the municipal deposits as required by regulation. The existing excess liquidity will also be used to fund new loans in the coming months and meet potential fluctuations in deposits. As the Bank begins to fund loans at higher rates than liquid assets and develops its investment portfolio, the liquidity ratio will be reduced to a targeted level of approximately 10% of total assets.

Capital

The Bank raised \$14.0 million in capital before stock issuance costs on December 22, 2005. On June 30, 2006, the Bank sold an aggregate of 3,416,666 shares of its Common Stock at \$6.00 per share for an aggregate selling price of \$20,499,996 in cash. Stock issuance costs aggregated \$1,504,146 (including financial advisory fees and selling commissions aggregating \$1,174,756) resulting in the net proceeds of \$18,995,851 which were applied to augment the Bank's capital.

The following table illustrates the Bank's regulatory capital ratios at the dates indicated:

	June 30, 2006		December 31, 2005	
	Amount	Ratio	Amount	Ratio
Tier 1 (Leverage) Capital to Average Assets	\$ 29,227	97.60%	\$ 12,194	308.08%
Tier 1 Capital to Risk- Weighted Assets	\$ 29,227	140.86%	\$ 12,194	308.08%
Total Capital to Risk- Weighted Assets	\$ 29,412	141.75%	\$ 12,194	1,064.05%

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Capital adequacy is one of the most important factors used to determine the safety and soundness of individual banks. Based on the above ratios, the Bank is considered to be "well capitalized" under applicable regulations. To be considered "well capitalized" an institution must generally have a leverage capital ratio of at least 5%, a Tier 1 risk-based capital ratio of at least 6% and a total risk-based ratio of at least 10%.

Market Risk

Market risk is defined as the sensitivity of income to fluctuations in interest rates, foreign exchange rates, equity prices, commodity prices and other market-driven rates or prices. Based on the nature of the Bank's business, market risk is primarily limited to interest rate risk, defined as the impact of changing interest rates on current and future earnings.

The Bank's goal is to maximize long-term profitability, while minimizing its exposure to interest rate fluctuations. The first priority is to structure and price the Bank's assets and liabilities to maintain an acceptable interest rate spread, while reducing the net effect of changes in interest rates. In order to reach an acceptable interest rate spread, the Bank must generate loans and seek acceptable long-term investments to replace lower yielding balances in Federal funds sold. The focus also must be on maintaining a proper balance between the timing and volume of assets and liabilities re-pricing within the balance sheet. One method of achieving this balance is

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to originate variable rate loans for the portfolio to offset the short-term re-pricing of the liabilities. In fact, a number of interest bearing deposit products have no contractual maturity. Customers may withdraw funds from their accounts at any time and deposit balances may therefore run off unexpectedly due to changing market conditions.

The exposure to interest rate risk is monitored by the Bank's Senior Management and is reported to the Bank's Asset and Liability Management Committee on a quarterly basis. Management reviews the interrelationships within the balance sheet to maximize net interest income within acceptable levels of risk.

Impact of Inflation and Changing Prices

The Bank's financial statements have been prepared in terms of historical dollars, without considering changes in the relative purchasing power of money over time due to inflation. Unlike most individual companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on a financial institution's performance than the effect of general levels of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services. Notwithstanding this fact, inflation can directly affect the value of loan collateral, in particular, real estate. Inflation, or disinflation, could significantly affect the Bank's earnings in future periods.

“Safe Harbor” Statement Under Private Securities Litigation Reform Act of 1995

Some of the statements under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and elsewhere in this Report on Form 10-QSB may include forward-looking statements which reflect our current views with respect to future events and financial performance. Statements which include the words “expect,” “intend,” “plan,” “believe,” “project,” “anticipate” and similar statements of future or forward-looking nature identify forward-looking statements for purposes of the federal securities laws or otherwise. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements or that could adversely affect the holders of our common stock. These factors include, but are not limited to, (1) changes in prevailing interest rates which would affect the interest earned on the Bank’s interest earning assets and interest paid on its interest bearing liabilities, (2) the timing of re-pricing of the Bank’s interest earning assets and interest bearing liabilities, (3) the effect of changes in governmental monetary policy, (4) the effect of changes in regulations applicable to the Bank and the conduct of its business, (5) changes in competition among financial service companies, including possible further encroachment of non-banks on services traditionally provided by banks and the impact of recently enacted federal legislation, (6) the ability of competitors which are larger than the Bank to provide products and services which are impractical for the Bank to provide, (7) the effect of the loss of any executive officer, key personnel, or director, (8) the effect of the Bank’s opening branches and the receipt of regulatory approval to complete such actions, (9) concentration of the Bank’s business in its market area, (10) the concentration of the Bank’s loan portfolio in commercial loans to small-to-medium sized businesses, which may be affected more severely than larger businesses during periods of economic weaknesses and (11) the lack of seasoning in the Bank’s loan portfolio, which may increase risk for future credit defaults.

Although the Bank believes that it offers the loan and deposit products and has the resources needed for success, future revenues and interest spreads and yields cannot be reliably predicted. These trends may cause the Bank to adjust its operations in the future. Because of the foregoing and other factors, recent results should not be considered reliable indicators of future financial results.

Item 3. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Bank's disclosure controls have been effective according to the Bank's Chief Executive Officer and its Chief Financial Officer based upon an evaluation of the Bank's recently formulated disclosure controls and procedures.

As used herein, "disclosure controls and procedures" mean controls and other procedures of the Bank that are designed to ensure that information, required to be disclosed by the Bank in the reports that it files or submits under the Securities Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Bank in the reports that it files or submits under the Securities Exchange Act is accumulated and communicated to the Bank's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls

There have not been any significant changes in the Bank's internal controls or in other factors that occurred during the quarter ended June 30, 2006 that could significantly affect these controls subsequent to the evaluation referenced in paragraph (a) above.

PART II
Other Information

Item 1. Legal Proceedings

Not applicable

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable – During the quarter ended June 30, 2006, the Bank had no unregistered sales of securities that have not been previously reported on a current Report on Form 8-K.

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Submission of Matters to a Vote of Security Holders

On April 27, 2006, the Bank held its 2006 Annual Meeting of Stockholders. At the meeting, the stockholders voted on (i) the election of 11 directors of the Bank to hold office until the Annual Meeting of Stockholders in 2007 and until their successors are duly elected and qualified and (ii) a proposal to ratify the appointment of McGladrey & Pullen, LLP as independent auditor for the year ending December 31, 2006.

The stockholders voted in favor of the election of the following individuals to serve as directors and cast the number of voted set forth opposite the name of each in favor of, or withheld from voting on, such election:

Name	Number of Votes For	Number of Shares Withheld
Fred A. DeCaro, Jr.	1,311,231	0
Peter Keller	1311,231	0
Thomas Calabro	1311,181	50
Louis G. Cornacchia	1311,231	0
Fred A. DeCaro, III	1311,231	0
Salvatore Pane	1,311,231	0
Robert W. Reeves	1,311,231	0
Barry I. Spiegler	1,311,231	0
James G. Verillo	1,311,231	0
Ilyse Wilpon	1,309,831	1,400
Richard D. Zeisler	1,311,231	0

The stockholders voted to ratify the appointment of McGladrey & Pullen, LLP as independent auditor for the year ending December 31, 2006. The results of the voting were 1,267,981 shares were voted in favor of the proposal, 40,000 shares were voted against the proposal and 3,250 shares abstained from voting on the proposal.

Item 5. Other Information

Not applicable

Item 6. Exhibits

(a) Exhibits

Exhibit No.	Description
31.1	Certification by Chief Executive Officer Pursuant to Rule 13a-14.
31.2	Certification by Chief Financial Officer Pursuant to Rule 13a-14.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

USA Bank

Date: August 14, 2006

Name: Fred A. DeCaro, Jr.
Title: Chairman and Chief Executive Officer

Date: August 14, 2006

Name: Paul V. Erwin
Senior Vice President and Chief Financial Officer
and Secretary

**CERTIFICATION
BY PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14**

I, Fred A. DeCaro, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of USA Bank;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Omitted as permitted by Exchange Act Release No. 47986];
 - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Fred A. DeCaro, Jr.
Chairman and Chief Executive Officer
(Principal executive officer)

August 14, 2006

**CERTIFICATION
BY PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14**

I, Paul V. Erwin, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of USA Bank;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Omitted as permitted by Exchange Act Release No. 47986];
 - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

/S/ Paul V. Erwin
Paul V. Erwin
Senior Vice President and Chief Financial
Officer
(Principal financial officer)

August 14, 2006

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES –OXLEY ACT OF 2002

In connection with the Quarterly Report of USA BANK (the “*Bank*”) on Form 10-QSB for the period ended June 30, 2006 as transmitted for filing with the Federal Deposit Insurance Corporation on the date hereof (the “*Report*”), I, Fred A. DeCaro, Jr., the Chief Executive Officer of the Bank, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank.

August 14, 2006

/S/ Fred A DeCaro, Jr.
Fred A. DeCaro, Jr.
Chairman and Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES –OXLEY ACT OF 2002

In connection with the Quarterly Report of USA BANK (the “*Bank*”) on Form 10-QSB for the period ended June 30, 2006 as transmitted for filing with the Federal Deposit Insurance Corporation on the date hereof (the “*Report*”), I, Paul V. Erwin, the Chief Financial Officer of the Bank, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank.

August 14, 2006

/S/ Paul V. Erwin
Paul V. Erwin
Senior Vice President and Chief Financial
Officer