

**Consolidated Balance Sheet**

	June 30,	
	2010	2009
<b>Assets</b>		
Cash and due from banks	\$ 7,520,575	\$ 7,075,811
Short term investments	3,575,000	3,825,000
Investment securities available for sale	19,539,644	22,555,476
Investment securities (market value of \$11,428,310 in 2010 and \$9,246,983 in 2009) held to maturity	11,175,251	9,166,455
Federal funds sold and other overnight investments	15,950,000	16,700,000
Loans	163,827,301	161,234,448
Less: Allowance for loan loss	(3,563,076)	(2,507,856)
<b>Loans, Net</b>	<b>160,264,225</b>	<b>158,726,592</b>
Bank premises and equipment, net	6,005,319	6,185,605
Bank owned life insurance	6,783,074	6,531,429
Accrued interest receivable and other assets	3,830,296	2,494,717
<b>Total Assets</b>	<b>\$ 234,643,384</b>	<b>\$ 233,261,085</b>
<b>Liabilities</b>		
Deposits		
Non-interest bearing	\$ 33,391,169	\$ 29,565,700
Interest bearing	174,694,375	169,557,095
<b>Total Deposits</b>	<b>208,085,544</b>	<b>199,122,795</b>
Accrued interest payable and other liabilities	484,848	2,254,037
Long-term borrowings	0	3,000,000
<b>Total Liabilities</b>	<b>\$ 208,570,391</b>	<b>\$ 204,376,832</b>
<b>Shareholders' Equity</b>		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2010 and 2009;		
issued and outstanding: 1,979,460 in 2010		
and 1,979,460 in 2009		
	\$ 1,979,460	\$ 1,979,460
Paid in capital	19,652,705	19,652,705
Retained earnings	5,319,899	8,662,182
Accumulated other comprehensive loss	(879,071)	(1,410,094)
<b>Total Shareholders' Equity</b>	<b>\$ 26,072,993</b>	<b>\$ 28,884,253</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 234,643,384</b>	<b>\$ 233,261,085</b>
<b>Book Value Per Share</b>	<b>\$ 13.17</b>	<b>\$ 14.59</b>

**Consolidated Statement of Income**

	Six Months Ended	
	2010	2009
<b>Interest Income</b>		
Loans, including fees	\$ 4,345,726	\$ 4,465,477
Securities		
Taxable	330,588	578,824
Non-Taxable	153,841	118,403
Federal funds sold and other overnight investments	21,401	23,873
Short term investments	16,053	79,658
<b>Total Interest Income</b>	<b>4,867,609</b>	<b>5,266,235</b>
<b>Interest Expense</b>		
Interest on other deposits	515,784	674,965
Interest on time deposits over \$100,000	245,490	278,379
Other interest expense	40,279	62,330
<b>Total Interest Expense</b>	<b>801,553</b>	<b>1,015,674</b>
Net Interest Income	4,066,056	4,250,561
<b>Provision for Loan Losses</b>	<b>3,869,396</b>	<b>255,000</b>
Net Interest Income after Provision for Loan Losses	196,660	3,995,561
<b>Non-interest Income</b>		
Trust and investment management revenue	638,642	637,602
Service charges on deposit accounts	682,028	659,788
Gain on sale of mortgage loans	112,578	527,636
Other income	327,214	291,405
<b>Total Non-interest Income</b>	<b>1,760,462</b>	<b>2,116,431</b>
<b>Non-interest Expense</b>		
Salaries	1,601,640	1,484,892
Employee benefits	694,227	647,048
Occupancy and equipment expense	1,086,343	1,068,389
Securities impairment write-down	200,000	0
Other expense	1,182,156	1,301,906
<b>Total Non-interest Expense</b>	<b>4,764,367</b>	<b>4,502,235</b>
<b>Income Before Income Taxes</b>	<b>(2,807,245)</b>	<b>1,609,757</b>
<b>Income Taxes</b>	<b>(1,015,960)</b>	<b>408,093</b>
<b>Net Income</b>	<b>\$ (1,791,285)</b>	<b>\$ 1,201,664</b>
<b>Basic Earnings Per Share</b>	<b>\$ (0.90)</b>	<b>\$ 0.61</b>
<b>Diluted Earnings Per Share</b>	<b>\$ (0.90)</b>	<b>\$ 0.61</b>

Certain amounts in the prior year consolidated financial statements may have been reclassified to conform with the current year presentation.