

**Consolidated Balance Sheet**

	March 31,	
	2007	2006
<b>Assets</b>		
Cash and due from banks	\$ 8,875,056	\$ 12,557,091
Short term investments	7,510,000	8,740,000
Investment securities available for sale	28,066,674	26,665,379
Investment securities (market value of \$6,949,579 in 2007 and \$6,730,384 in 2006)	6,821,939	6,704,754
Federal funds sold and other overnight investments	24,300,000	19,800,000
Loans	152,153,923	149,938,866
Less: Allowance for loan loss	(2,415,995)	(2,287,807)
Loans, Net	149,737,928	147,651,059
Bank premises and equipment, net	5,279,025	5,185,607
Bank owned life insurance	5,971,040	5,750,131
Accrued interest receivable and other assets	2,289,246	1,938,579
<b>Total Assets</b>	<b>\$ 238,850,908</b>	<b>\$ 234,992,599</b>
<b>Liabilities</b>		
Deposits		
Non-interest bearing	\$ 32,611,842	\$ 35,074,692
Interest bearing	167,443,882	165,883,148
<b>Total Deposits</b>	<b>200,055,724</b>	<b>200,957,840</b>
Accrued interest payable and other liabilities	1,094,386	798,547
Long-term borrowings	8,000,000	5,000,000
<b>Total Liabilities</b>	<b>\$ 209,150,110</b>	<b>\$ 206,756,388</b>
<b>Shareholders' Equity</b>		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2007 and 2006;		
issued and outstanding: 1,955,449 in 2007		
and 1,890,420 in 2006	\$ 1,955,449	\$ 1,890,420
Paid in capital	18,973,440	17,521,485
Retained earnings	8,873,697	9,228,073
Net unrealized gain/loss on securities available for sale, net of tax effect	(101,788)	(403,767)
<b>Total Shareholders' Equity</b>	<b>\$ 29,700,798</b>	<b>\$ 28,236,211</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 238,850,908</b>	<b>\$ 234,992,599</b>
<b>Book Value Per Share*</b>	<b>\$ 15.19</b>	<b>\$ 14.23</b>

**Consolidated Statement of Income**

	Three Months Ended March 31,	
	2007	2006
<b>Interest Income</b>		
Loans, including fees	\$ 3,321,841	\$ 2,868,918
Securities		
Taxable	416,958	320,391
Non-Taxable	61,523	45,452
Federal funds sold and other overnight investments	225,380	165,940
Short term investments	99,538	107,684
<b>Total Interest Income</b>	<b>4,125,240</b>	<b>3,508,384</b>
<b>Interest Expense</b>		
Interest on other deposits	921,561	728,213
Interest on time deposits over \$100,000	253,725	201,991
Other interest expense	51,933	22,824
<b>Total Interest Expense</b>	<b>1,227,219</b>	<b>953,028</b>
Net Interest Income	2,898,021	2,555,356
<b>Provision for Loan Losses</b>	<b>0</b>	<b>50,000</b>
Net Interest Income after Provision for Loan Losses	2,898,021	2,505,356
<b>Other Income</b>		
Trust income	337,500	318,750
Service charges on deposit accounts	318,927	294,380
Gain on sale of mortgage loans	36,384	41,075
Other income	151,342	158,217
<b>Total Other Income</b>	<b>844,153</b>	<b>812,422</b>
<b>Other Expense</b>		
Salaries	1,205,549	936,125
Employee benefits	313,322	304,341
Occupancy and equipment expense	422,766	427,947
Other expense	401,214	378,770
<b>Total Other Expense</b>	<b>2,342,851</b>	<b>2,047,183</b>
<b>Income Before Income Taxes</b>	<b>1,399,323</b>	<b>1,270,596</b>
<b>Income Taxes</b>	<b>413,587</b>	<b>378,398</b>
<b>Net Income</b>	<b>\$ 985,736</b>	<b>\$ 892,198</b>
<b>Basic Earnings Per Share*</b>	<b>\$ 0.50</b>	<b>\$ 0.45</b>
<b>Diluted Earnings Per Share*</b>	<b>\$ 0.49</b>	<b>\$ 0.44</b>

\* Per share amounts have been restated to reflect a 5% stock dividend in May 2006.

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