

**Consolidated Balance Sheet**

	June 30,	
	2006	2005
<b>Assets</b>		
Cash and due from banks	\$ 10,100,790	\$ 9,276,013
Short term investments	8,740,000	13,870,000
Investment securities available for sale	29,621,300	23,307,175
Investment securities (market value of \$9,019,222 in 2006 and \$7,461,598 in 2005)	8,948,446	7,334,052
Federal funds sold and other overnight investments	16,200,000	17,600,000
Loans	147,699,365	148,040,952
Less: Allowance for loan loss	(2,309,902)	(2,204,793)
Loans, Net	145,389,463	145,836,159
Bank premises and equipment, net	5,068,510	5,278,560
Bank owned life insurance	5,802,924	5,594,260
Accrued interest receivable and other assets	1,886,246	2,304,384
<b>Total Assets</b>	<b>\$ 231,757,679</b>	<b>\$ 230,400,602</b>
<b>Liabilities</b>		
Deposits		
Non-interest bearing	\$ 35,676,757	\$ 34,595,748
Interest bearing	158,502,729	162,090,808
<b>Total Deposits</b>	<b>194,179,486</b>	<b>196,686,556</b>
Accrued interest payable and other liabilities	1,030,192	475,513
Long-term borrowings	8,000,000	5,000,000
<b>Total Liabilities</b>	<b>\$ 203,209,678</b>	<b>\$ 202,162,069</b>
<b>Shareholders' Equity</b>		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2006 and 2005;		
issued and outstanding: 1,983,433 in 2006		
and 1,923,524 in 2005	\$ 1,983,433	\$ 1,923,524
Paid in capital	19,568,161	18,275,627
Retained earnings	7,412,357	8,258,663
Net unrealized gain/loss on securities available for sale, net of tax effect	(415,950)	(219,281)
<b>Total Shareholders' Equity</b>	<b>\$ 28,548,001</b>	<b>\$ 28,238,533</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 231,757,679</b>	<b>\$ 230,400,602</b>
<b>Book Value Per Share *</b>	<b>\$ 14.39</b>	<b>\$ 13.98</b>

**Consolidated Statement of Income**

	Six Months Ended	
	June 30,	
	2006	2005
<b>Interest Income</b>		
Loans, including fees	\$ 5,780,077	\$ 4,972,848
Securities		
Taxable	701,748	539,982
Non-Taxable	91,963	98,362
Federal funds sold and other overnight investments	386,389	122,503
Short term investments	217,316	211,527
<b>Total Interest Income</b>	<b>7,177,493</b>	<b>5,945,222</b>
<b>Interest Expense</b>		
Interest on other deposits	1,487,162	987,339
Interest on time deposits over \$100,000	436,777	295,813
Other interest expense	59,372	37,562
<b>Total Interest Expense</b>	<b>1,983,311</b>	<b>1,320,714</b>
Net Interest Income	5,194,182	4,624,508
<b>Provision for Loan Losses</b>	<b>180,000</b>	<b>425,000</b>
Net Interest Income after Provision for Loan Losses	5,014,182	4,199,508
<b>Other Income</b>		
Trust income	641,250	637,500
Service charges on deposit accounts	600,862	595,521
Gain on sale of mortgage loans	87,404	183,235
Other income	301,275	331,399
<b>Total Other Income</b>	<b>1,630,791</b>	<b>1,747,655</b>
<b>Other Expense</b>		
Salaries	1,945,529	1,599,240
Employee benefits	621,399	601,605
Occupancy and equipment expense	911,422	820,751
Other expense	778,613	751,036
<b>Total Other Expense</b>	<b>4,256,962</b>	<b>3,772,632</b>
<b>Income Before Income Taxes</b>	<b>2,388,011</b>	<b>2,174,531</b>
<b>Income Taxes</b>	<b>700,980</b>	<b>641,413</b>
<b>Net Income</b>	<b>\$ 1,687,031</b>	<b>\$ 1,533,118</b>
<b>Basic Earnings Per Share *</b>	<b>\$ 0.85</b>	<b>\$ 0.76</b>
<b>Diluted Earnings Per Share *</b>	<b>\$ 0.82</b>	<b>\$ 0.73</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 have been reclassified to conform with the current year presentation.