

**Consolidated Balance Sheet**

	June 30,	
	2008	2007
<b>Assets</b>		
Cash and due from banks	\$ 11,538,511	\$ 9,210,734
Short term investments	2,830,000	4,110,000
Investment securities available for sale	29,359,900	30,979,287
Investment securities (market value of \$8,541,547 in 2008 and \$8,064,789 in 2007) held to maturity	8,597,994	7,949,814
Federal funds sold and other overnight investments	16,000,000	25,900,000
Loans	156,746,011	151,235,486
Less: Allowance for loan loss	(2,272,329)	(2,363,930)
Loans, Net	154,473,682	148,871,557
Bank premises and equipment, net	6,107,057	5,263,677
Bank owned life insurance	6,276,589	6,029,587
Accrued interest receivable and other assets	1,939,753	2,181,235
<b>Total Assets</b>	<b>\$ 237,123,486</b>	<b>\$ 240,495,890</b>
<b>Liabilities</b>		
Deposits		
Non-interest bearing	\$ 36,205,681	\$ 35,553,630
Interest bearing	164,385,727	166,239,207
<b>Total Deposits</b>	<b>200,591,408</b>	<b>201,792,837</b>
Accrued interest payable and other liabilities	682,186	1,331,905
Long-term borrowings	6,000,000	8,000,000
<b>Total Liabilities</b>	<b>\$ 207,273,594</b>	<b>\$ 211,124,742</b>
<b>Shareholders' Equity</b>		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2008 and 2007;		
issued and outstanding: 1,985,160 in 2008		
and 2,020,376 in 2007	\$ 1,985,160	\$ 2,020,376
Paid in capital	19,721,975	20,363,262
Retained earnings	8,362,678	7,142,768
Accumulated other comprehensive loss	(219,921)	(155,258)
<b>Total Shareholders' Equity</b>	<b>\$ 29,849,892</b>	<b>\$ 29,371,148</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 237,123,486</b>	<b>\$ 240,495,890</b>
<b>Book Value Per Share</b>	<b>\$ 15.04</b>	<b>\$ 14.54</b>

**Consolidated Statement of Income**

	Six Months Ended	
	June 30,	2007
	2008	2007
<b>Interest Income</b>		
Loans, including fees	\$ 5,423,434	\$ 6,470,247
Securities		
Taxable	829,509	818,334
Non-Taxable	122,419	112,503
Federal funds sold and other overnight investments	322,536	568,301
Short term investments	52,255	155,987
<b>Total Interest Income</b>	<b>6,750,153</b>	<b>8,125,372</b>
<b>Interest Expense</b>		
Interest on other deposits	1,455,436	1,862,326
Interest on time deposits over \$100,000	553,915	623,737
Other interest expense	48,608	85,510
<b>Total Interest Expense</b>	<b>2,057,959</b>	<b>2,571,573</b>
Net Interest Income	4,692,194	5,553,800
<b>Provision for Loan Losses</b>	<b>130,000</b>	<b>50,000</b>
Net Interest Income after Provision for Loan Losses	4,562,194	5,503,800
<b>Non-interest Income</b>		
Trust and investment management revenue	690,650	675,000
Service charges on deposit accounts	637,748	662,330
Gain on sale of mortgage loans	133,331	88,826
Other income	344,694	307,163
<b>Total Non-interest Income</b>	<b>1,806,423</b>	<b>1,733,320</b>
<b>Non-interest Expense</b>		
Salaries	1,535,057	2,188,931
Employee benefits	674,877	613,877
Occupancy and equipment expense	1,020,938	942,630
Other expense	976,669	837,970
<b>Total Non-interest Expense</b>	<b>4,207,541</b>	<b>4,583,408</b>
<b>Income Before Income Taxes</b>	<b>2,161,076</b>	<b>2,653,712</b>
<b>Income Taxes</b>	<b>597,054</b>	<b>782,442</b>
<b>Net Income</b>	<b>\$ 1,564,022</b>	<b>\$ 1,871,270</b>
<b>Basic Earnings Per Share</b>	<b>\$ 0.79</b>	<b>\$ 0.92</b>
<b>Diluted Earnings Per Share</b>	<b>\$ 0.78</b>	<b>\$ 0.91</b>

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