

**Consolidated Balance Sheet**

|  | March 31,             |                       |
|--|-----------------------|-----------------------|
|  | 2010                  | 2009                  |
| <b>Assets</b>  |                       |                       |
| Cash and due from banks  | \$ 7,797,870          | \$ 8,570,309          |
| Short term investments   | 3,590,000             | 3,825,000             |
| Investment securities available for sale   | 21,189,365            | 27,503,939            |
| Investment securities (market value of \$9,608,152 in 2010 and \$7,160,114 in 2009) held to maturity | 9,385,829             | 7,298,838             |
| Federal funds sold and other overnight investments   | 19,950,000            | 21,600,000            |
| Loans  | 164,301,589           | 162,151,020           |
| Less: Allowance for loan loss  | (2,900,422)           | (2,497,037)           |
| Loans, Net   | 161,401,167           | 159,653,983           |
| Bank premises and equipment, net   | 6,016,141             | 6,281,687             |
| Bank owned life insurance  | 6,721,271             | 6,468,342             |
| Accrued interest receivable and other assets   | 4,001,962             | 2,372,264             |
| <b>Total Assets</b>  | <b>\$ 240,053,605</b> | <b>\$ 243,574,362</b> |
| <b>Liabilities</b>   |                       |                       |
| Deposits   |                       |                       |
| Non-interest bearing   | \$ 31,229,622         | \$ 30,079,067         |
| Interest bearing   | 177,269,733           | 179,679,281           |
| <b>Total Deposits</b>  | <b>208,499,355</b>    | <b>209,758,348</b>    |
| Accrued interest payable and other liabilities   | 1,289,343             | 2,355,275             |
| Long-term borrowings   | 2,000,000             | 3,000,000             |
| <b>Total Liabilities</b>   | <b>\$ 211,788,698</b> | <b>\$ 215,113,623</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  | 7,603,931             | 8,561,642             |
| Accumulated other comprehensive loss   | (971,189)             | (1,733,068)           |
| <b>Total Shareholders' Equity</b>  | <b>\$ 28,264,907</b>  | <b>\$ 28,460,739</b>  |
| <b>Total Liabilities and Shareholder's Equity</b>  | <b>\$ 240,053,605</b> | <b>\$ 243,574,362</b> |
| <b>Book Value Per Share</b>  | <b>\$ 14.28</b>       | <b>\$ 14.38</b>       |

**Consolidated Statement of Income**

|   | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | March 31,          | 2009              |
|   | 2010               | 2009              |
| <b>Interest Income</b>                              |                    |                   |
| Loans, including fees                               | \$ 2,198,175       | \$ 2,233,963      |
| Securities  |                    |                   |
| Taxable   | 174,445            | 341,897           |
| Non-Taxable   | 76,618             | 63,425            |
| Federal funds sold and other overnight investments  | 10,486             | 11,771            |
| Short term investments                              | 7,972              | 38,906            |
| <b>Total Interest Income</b>                        | <b>2,467,696</b>   | <b>2,689,962</b>  |
| <b>Interest Expense</b>                             |                    |                   |
| Interest on other deposits                          | 264,474            | 344,507           |
| Interest on time deposits over \$100,000            | 123,945            | 147,757           |
| Other interest expense                              | 18,603             | 31,088            |
| <b>Total Interest Expense</b>                       | <b>407,022</b>     | <b>523,352</b>    |
| Net Interest Income                                 | 2,060,674          | 2,166,610         |
| <b>Provision for Loan Losses</b>                    | <b>230,000</b>     | <b>90,000</b>     |
| Net Interest Income after Provision for Loan Losses | 1,830,674          | 2,076,610         |
| <b>Non-interest Income</b>                          |                    |                   |
| Trust and investment management revenue             | 337,821            | 321,302           |
| Service charges on deposit accounts                 | 328,030            | 310,314           |
| Gain on sale of mortgage loans                      | 63,654             | 251,423           |
| Other income  | 164,963            | 146,739           |
| <b>Total Non-interest Income</b>                    | <b>894,468</b>     | <b>1,029,778</b>  |
| <b>Non-interest Expense</b>                         |                    |                   |
| Salaries  | 845,821            | 775,317           |
| Employee benefits                                   | 349,582            | 308,540           |
| Occupancy and equipment expense                     | 571,378            | 551,155           |
| Other expense                                       | 543,348            | 609,914           |
| <b>Total Non-interest Expense</b>                   | <b>2,310,129</b>   | <b>2,244,926</b>  |
| <b>Income Before Income Taxes</b>                   | <b>415,013</b>     | <b>861,462</b>    |
| <b>Income Taxes</b>                                 | <b>79,863</b>      | <b>232,757</b>    |
| <b>Net Income</b>                                   | <b>\$ 335,150</b>  | <b>\$ 628,705</b> |
| <b>Basic Earnings Per Share</b>                     | <b>\$ 0.17</b>     | <b>\$ 0.32</b>    |
| <b>Diluted Earnings Per Share</b>                   | <b>\$ 0.17</b>     | <b>\$ 0.32</b>    |

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