

Consolidated Balance Sheet

	June 30,	
	2005	2004
Assets		
Cash and due from Banks	\$ 9,276,013	\$ 10,157,539
Short term investments	13,870,000	17,645,000
Investment securities available for sale	23,307,175	30,440,485
Investment securities (market value of \$7,461,598 in 2005 and \$7,693,564 in 2004)	7,334,052	7,467,251
Federal funds sold and other overnight investments	17,600,000	7,500,000
Loans	148,040,952	140,477,140
Less: Allowance for loan loss	(2,204,793)	(2,265,387)
Loans, Net	145,836,159	138,211,753
Bank premises and equipment, net	5,278,560	5,619,825
Bank owned life insurance	5,594,260	5,383,610
Accrued interest receivable and other assets	2,304,384	2,021,324
Total Assets	\$ 230,400,602	\$ 224,446,787
Liabilities		
Deposits		
Non-interest bearing	\$ 34,595,748	\$ 39,371,985
Interest bearing	162,090,808	148,824,609
Total Deposits	196,686,556	188,196,594
Accrued interest payable and other liabilities	475,513	776,685
Long-term borrowings	5,000,000	8,000,000
Total Liabilities	\$ 202,162,069	\$ 196,973,279
Shareholders' Equity		
Common stock - \$1 par value;		
Shares authorized: 3,000,000 in 2005 and 2004;		
issued and outstanding: 1,923,524 in 2005		
and 1,865,482 in 2004	\$ 1,923,524	\$ 1,865,482
Paid in capital	18,275,627	16,866,845
Retained earnings	8,258,663	8,845,099
Net unrealized gain/loss on securities available for sale, net of tax effect	(219,281)	(103,918)
Total Shareholders' Equity	\$ 28,238,533	\$ 27,473,508
Total Liabilities and Shareholder's Equity	\$ 230,400,602	\$ 224,446,787
Book Value Per Share *	\$ 14.68	\$ 14.03

Consolidated Statement of Income

	Six Months Ended	
	June 30,	
	2005	2004
Interest Income		
Loans, including fees	\$ 4,972,848	\$ 4,114,103
Securities		
Taxable	539,982	428,016
Non-Taxable	98,362	104,718
Federal funds sold and other overnight investments	122,503	47,463
Short term investments	211,527	106,648
Total Interest Income	5,945,222	4,800,948
Interest Expense		
Interest on other deposits	987,339	727,749
Interest on time deposits over \$100,000	295,813	192,960
Other interest expense	37,562	59,415
Total Interest Expense	1,320,714	980,124
Net Interest Income	4,624,508	3,820,824
Provision for Loan Losses	425,000	35,000
Net Interest Income after Provision for Loan Losses	4,199,508	3,785,824
Other Income		
Trust income	637,500	603,000
Service charges on deposit accounts	595,521	633,256
Gain on sale of mortgage loans	183,235	122,950
Other income	343,399	312,292
Total Other Income	1,759,655	1,671,498
Other Expense		
Salaries	1,599,240	1,558,410
Employee benefits	601,605	560,159
Occupancy and equipment expense	832,751	788,004
Other expense	751,036	663,537
Total Other Expense	3,784,632	3,570,110
Income Before Income Taxes	2,174,531	1,887,212
Income Taxes	641,413	494,654
Net Income	\$ 1,533,118	\$ 1,392,558
Basic Earnings Per Share *	\$ 0.81	\$ 0.71
Diluted Earnings Per Share *	\$ 0.79	\$ 0.69

* Per share amounts have been restated to reflect a 5% stock dividend in May 2005.

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