

CONSOLIDATED BALANCE SHEETS

(Unaudited) as of March 31

	2011	2010
Assets		
Cash and due from banks	\$ 2,611,265	\$ 2,181,040
Federal funds sold & money market investments	<u>23,065,000</u>	<u>21,625,000</u>
Cash and cash equivalents	25,676,265	23,806,040
Investment securities	31,349,076	30,062,301
Loans, net of reserves for possible loan losses of \$2,560,214 and \$ 2,075,609	65,931,861	79,638,291
Accrued interest receivable	466,160	507,996
Foreclosed real estate	2,493,547	1,130,828
Bank premises and equipment, net	722,875	659,138
Other assets	<u>1,176,074</u>	<u>1,809,546</u>
Total Assets	<u>\$127,815,858</u>	<u>\$137,614,140</u>
Liabilities		
Demand deposits	\$ 31,169,935	\$ 24,594,142
Interest-bearing checking	13,553,022	12,551,538
Money market checking	13,360,697	17,829,393
Savings deposits	6,692,222	6,259,371
Time deposits	<u>41,546,064</u>	<u>48,739,174</u>
Total Deposits	106,321,940	109,973,618
Trust preferred subordinated debentures	4,124,000	4,124,000
Other borrowings	11,250,000	11,250,000
Accrued interest payable	166,789	107,016
Other liabilities	<u>1,229,266</u>	<u>841,317</u>
Total Liabilities	123,091,995	126,295,951
Stockholders' Equity		
Common stock	16,478,629	16,423,895
Unrealized gain on securities	155,947	268,276
Accumulated loss	(11,508,278)	(5,483,270)
Current (loss) gain	<u>(402,435)</u>	<u>109,288</u>
Total Stockholders' Equity	4,723,863	11,318,189
Total Liabilities & Stockholders' Equity	<u>\$127,815,858</u>	<u>\$137,614,140</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited) for Three months ended March 31

	2011	2010
Interest Income		
Investment interest income	\$ 264,462	\$ 361,214
Loan interest income	<u>1,012,339</u>	<u>1,162,491</u>
Total interest income	1,276,801	1,523,705
Interest Expense		
Interest expense on deposits	\$ 135,167	\$ 226,459
Interest expense on borrowings	<u>111,505</u>	<u>133,639</u>
Total interest expense	246,672	360,098
Net interest income	1,030,129	1,163,607
Provision For Loan Losses		
	<u>455,000</u>	<u>310,000</u>
Net interest income after provision for loan losses	575,129	853,607
Other Income		
Fee income	74,839	79,879
Income from trust operations	101,066	62,477
Loss on valuation and sale of foreclosed property	(36,000)	(15,413)
Gain on sale of investment securities	262,359	356,543
Other income	<u>682</u>	<u>3,711</u>
Total other income	402,946	487,197
Operating Expenses		
Salaries and employee benefits	604,153	547,803
Occupancy	140,100	131,218
FDIC insurance expense	94,000	92,920
Foreclosed property expense	44,438	30,824
Other operating expenses	<u>497,819</u>	<u>428,751</u>
Total operating expenses	1,380,510	1,231,516
Net (Loss) Income Before Income Tax	(402,435)	109,288
Income tax expense	<u>-</u>	<u>-</u>
Net (Loss) Income	<u>\$ (402,435)</u>	<u>\$ 109,288</u>
Net (Loss) Income Per Share	\$ (0.26)	\$ 0.07
(Loss) Return on Average Assets	-1.25%	0.31%
(Loss) Return on Equity	-29.90%	3.84%

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