

CONSOLIDATED BALANCE SHEETS

(Unaudited) as of September 30

	2011	2010
Assets		
Cash and due from banks	\$ 4,622,015	\$ 2,988,040
Federal funds sold & money market investments	<u>15,860,000</u>	<u>10,275,000</u>
Cash and cash equivalents	20,482,015	13,263,040
Investment securities	32,534,685	31,685,823
Loans, net of reserves for possible loan losses of \$ 2,765,733 and \$ 3,374,309	68,965,531	80,079,938
Accrued interest receivable	475,918	585,857
Foreclosed real estate	1,664,671	2,030,320
Bank premises and equipment, net	660,578	753,435
Other assets	<u>1,085,091</u>	<u>996,904</u>
Total Assets	<u>\$125,868,489</u>	<u>\$129,395,317</u>
Liabilities		
Demand deposits	\$ 30,682,286	\$ 22,707,117
Interest-bearing checking	13,349,983	14,526,590
Money market checking	14,159,121	12,960,858
Savings deposits	7,174,490	6,176,253
Time deposits	<u>37,566,946</u>	<u>46,858,644</u>
Total Deposits	102,932,826	103,229,462
Trust preferred subordinated debentures	4,124,000	4,124,000
Other borrowings	11,250,000	11,250,000
Accrued interest payable	204,503	144,038
Other liabilities	<u>2,292,560</u>	<u>1,414,506</u>
Total Liabilities	<u>120,803,889</u>	<u>120,162,006</u>
Stockholders' Equity		
Common stock	16,500,124	16,452,377
Unrealized gain on securities	721,098	507,620
Accumulated loss	(11,508,277)	(5,483,270)
Current loss	<u>(648,345)</u>	<u>(2,243,416)</u>
Total Stockholders' Equity	5,064,600	9,233,311
Total Liabilities & Stockholders' Equity	<u>\$125,868,489</u>	<u>\$129,395,317</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited) for Nine months ended September 30

	2011	2010
Interest Income		
Investment interest income	\$ 770,720	\$ 943,391
Loan interest income	<u>3,094,862</u>	<u>3,490,877</u>
Total interest income	3,865,582	4,434,268
Interest Expense		
Interest expense on deposits	\$ 368,364	\$ 587,872
Interest expense on borrowings	<u>336,617</u>	<u>408,744</u>
Total interest expense	704,981	996,616
Net interest income	3,160,601	3,437,652
Provision For Loan Losses	<u>824,550</u>	<u>2,485,000</u>
Net interest income after provision for loan losses	2,336,051	952,652
Other Income		
Fee income	242,633	249,858
Income from trust operations	281,421	182,991
Gain on sale of loans	538,453	-
Gain on sale of investment securities	270,800	356,543
Loss on valuation and sale of foreclosed property	(168,327)	(132,658)
Other income	<u>46,495</u>	<u>13,099</u>
Total other income	1,211,475	669,833
Operating Expenses		
Salaries and employee benefits	1,799,911	1,632,015
Occupancy	424,431	411,217
FDIC insurance expense	235,000	274,920
Foreclosed property expense	223,363	189,315
Other operating expenses	<u>1,511,566</u>	<u>1,356,834</u>
Total operating expenses	4,194,271	3,864,301
Net Loss Before Income Tax	(646,745)	(2,241,816)
Income tax expense	<u>1,600</u>	<u>1,600</u>
Net Loss	\$ (648,345)	\$ (2,243,416)
Net Loss Per Share	<u>\$ (0.42)</u>	<u>\$ (1.44)</u>
Loss on Average Assets	-0.68%	-2.21%
Loss on Equity	-17.73%	-26.81%

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