

**First State Bank**  
**Balance Sheets**  
(In Thousands)

	<u>Dec. 31, 2008</u>	<u>(unaudited) March 31, 2009</u>	<u>(unaudited) June 30, 2009</u>
<b>Assets</b>			
Cash and Due From Banks	\$ 5,583	\$ 5,822	\$ 6,715
Fed Funds Sold	12,917	17,244	34,182
Cash and Equivalents	<u>18,500</u>	<u>23,066</u>	<u>40,897</u>
Investment Securities	3,750	7,273	5,561
Loans, net of allowance for loan losses	208,716	205,418	199,125
Restricted investment in bank stock	204	204	204
Premises & Equipment, net	1,813	1,760	1,690
Accrued interest receivable	1,039	1,062	1,072
Other Assets	<u>448</u>	<u>828</u>	<u>724</u>
<b>Total Assets</b>	<u><u>234,470</u></u>	<u><u>239,611</u></u>	<u><u>249,273</u></u>
<b>Liabilities</b>			
Non-Interest Bearing Deposits	8,151	10,651	11,630
Interest Bearing Deposits	<u>206,525</u>	<u>209,896</u>	<u>219,246</u>
Total Deposits	<u>214,676</u>	<u>220,547</u>	<u>230,876</u>
Accrued interest payable	757	701	661
Other Liabilities	<u>379</u>	<u>100</u>	<u>336</u>
<b>Total Liabilities</b>	<u>215,812</u>	<u>221,348</u>	<u>231,873</u>
<b>Stockholders' Equity</b>			
Preferred Stock, \$5 Par Value	--	201	201
Common Stock, \$5 Par Value	17,788	17,787	17,787
Surplus	7,837	7,842	7,797
Accumulated Deficit	<u>(6,967)</u>	<u>(7,567)</u>	<u>(8,385)</u>
<b>Total Stockholders' Equity</b>	<u>18,658</u>	<u>18,263</u>	<u>17,400</u>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<u><u>\$ 234,470</u></u>	<u><u>\$ 239,611</u></u>	<u><u>\$ 249,273</u></u>

# First State Bank Income Statements

(In Thousands)

	(unaudited) Year - to - Date Dec. 31, 2008	(unaudited) Year - to - Date March 31, 2009	(unaudited) Year - to - Date June 30, 2009
<b>Interest Income</b>			
Loans receivable, including fees	\$ 13,470	\$ 3,373	\$ 6,731
Securities	121	42	95
Federal funds sold	237	10	22
Other	47	--	--
<b>Total Interest Income</b>	<b>13,875</b>	<b>3,425</b>	<b>6,848</b>
<b>Interest Expense</b>			
Deposits	8,055	2,025	3,983
Other	--	--	--
<b>Total Interest Expense</b>	<b>8,055</b>	<b>2,025</b>	<b>3,983</b>
<b>Provision for Loan Losses</b>	<b>2,080</b>	<b>590</b>	<b>1,253</b>
<b>Net Interest Income after Provision for Loan Losses</b>	<b>3,740</b>	<b>810</b>	<b>1,612</b>
<b>Non-Interest Income</b>			
Customer service fees on deposit accounts	102	22	55
Other	364	88	168
<b>Total Non-Interest Income</b>	<b>466</b>	<b>110</b>	<b>223</b>
<b>Non-Interest Expenses</b>			
Salaries and employee benefits	3,141	723	1,446
Occupancy	660	165	331
Furniture and equipment	210	60	121
Professional fees	532	170	329
Advertising and promotion	117	3	8
Data processing	327	74	155
Deposit Insurance	294	157	476
Other	814	167	386
<b>Total Non-Interest Expenses</b>	<b>6,095</b>	<b>1,519</b>	<b>3,252</b>
<b>Net Loss</b>	<b>\$ (1,889)</b>	<b>\$ (599)</b>	<b>\$ (1,417)</b>