

Annual Disclosure Statement
as of December 31, 2010

BALANCE SHEET

December 31st
2010 2009
(Dollar Amounts in Thousands)

ASSETS

Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin	5,093	8,810
Interest-bearing balances	30,510	64,603
Securities:		
Held-to-maturity securities	0	0
Available-for-sale securities	123,871	62,197
Federal funds sold and securities purchased under agreements to resell:		
Federal funds sold	0	0
Securities purchased under agreements to resell	0	0
Loans and lease financing receivables:		
Loans and leases held for sale	0	0
Loans and leases, net of unearned income	151,588	145,025
LESS: Allowance for loan and lease losses	1,500	1,137
Loans and leases, net of unearned income and allowance	150,088	143,888
Trading assets	0	0
Premises and fixed assets (including capitalized leases)	6,171	3,919
Other real estate owned	0	0
Investments in unconsolidated subsidiaries and associated companies	0	0
Direct and indirect investments in real estate ventures	0	0
Intangible assets:		
Goodwill	0	0
Other intangible assets	522	376
Other assets	3,973	3,985
Total assets	320,228	287,778

LIABILITIES

Deposits:		
In domestic offices	290,757	261,186
Noninterest-bearing	75,588	64,272
Interest-bearing	215,169	196,914
Federal funds purchased and securities sold under agreements to repurchase:		
Federal funds purchased	0	0
Securities sold under agreements to repurchase	3,234	1,150
Trading liabilities	0	0
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	0	0
Subordinated notes and debentures	0	0
Other liabilities	1,328	1,520
Total liabilities	295,319	263,856

EQUITY CAPITAL

Bank Equity Capital		
Perpetual preferred stock and related surplus	0	0
Common stock	1,638	1,638
Surplus (exclude all surplus related to preferred stock)	3,638	3,638
Retained earnings	18,725	17,833
Accumulated other comprehensive income	908	813
Other equity capital components	0	0
Total bank equity capital	24,909	23,922
Noncontrolling (minority) interests in consolidated subsidiaries	0	0
Total equity capital	24,909	23,922
Total liabilities and equity capital	320,228	287,778

PAST DUE AND NONACCRUAL LOANS, LEASES, AND
OTHER ASSETS

December 31st
2010 2009
(Dollar Amounts in Thousands)

Past due 30 through 89 days and still accruing

Loans secured by real estate:

Construction, land development, and other land loans:

1-4 family residential construction loans 0 0

Other construction loans and all land development and other land loans 825 0

Secured by farmland 0 0

Secured by 1-4 family residential properties:

Revolving, open-end loans secured by 1-4 family residential properties
and extended under lines of credit 45 180

Closed-end loans secured by 1-4 family residential properties:

Secured by first liens 0 0

Secured by junior liens 0 0

Secured by multifamily (5 or more) residential properties 0 0

Secured by nonfarm nonresidential properties:

Loans secured by owner-occupied nonfarm nonresidential properties 0 0

Loans secured by other nonfarm nonresidential properties 0 0

Loans to depository institutions and acceptances of other banks 0 0

Commercial and industrial loans 3 0

Loans to individuals for household, family, and other personal expenditures:

Credit cards 1 8

Other (includes single payment, installment, all student loans, and revolving
credit plans other than credit cards) 4 46

Loans to foreign governments and official institutions 0 0

All other loans 0 6

Lease financing receivables 0 0

Debt securities and other assets (exclude other real estate owned and other
repossessed assets) 0 0

Loans and leases reported which are wholly or partially guaranteed by the U.S.
Government (including loans and leases covered by FDIC loss-sharing
agreements) 0 0

Guaranteed portion of loans and leases (exclude rebooked "GNMA loans") 0 0

Rebooked "GNMA loans" that have been repurchased or are eligible for
repurchase 0 0

Memoranda

Restructured loans and leases:

Loans secured by 1-4 family residential properties 0 0

Other loans and all leases (exclude loans to individuals for household, family,
and other personal expenditures) 0 0

Loans to finance commercial real estate, construction, and land development
activities (not secured by real estate) 0 0

Loans secured by real estate to non-U.S. addressees (domicile) N/A N/A

Loans to and acceptances of foreign banks N/A N/A

Commercial and industrial loans to non-U.S. addressees (domicile) N/A N/A

Leases to individuals for household, family, and other personal expenditures N/A N/A

Loans to finance agricultural production and other loans to farmers N/A N/A

Loans and leases held for sale 0 0

Loans measured at fair value:

Fair value 0 0

Unpaid principal balance 0 0

Derivative contracts:

Fair value of amounts carried as assets N/A N/A

PAST DUE AND NONACCRUAL LOANS, LEASES, AND
OTHER ASSETS

December 31st
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(Dollar Amounts in Thousands)

Nonaccrual

Loans secured by real estate:

Construction, land development, and other land loans:

1-4 family residential construction loans	0	625
Other construction loans and all land development and other land loans	0	200

Secured by farmland

	0	0
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Secured by 1-4 family residential properties:

Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	110	30
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Closed-end loans secured by 1-4 family residential properties:

Secured by first liens	351	685
Secured by junior liens	0	0

Secured by multifamily (5 or more) residential properties

	0	0
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Secured by nonfarm nonresidential properties:

Loans secured by owner-occupied nonfarm nonresidential properties	0	0
Loans secured by other nonfarm nonresidential properties	2,073	0

Loans to depository institutions and acceptances of other banks	0	0
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Commercial and industrial loans	529	535
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Loans to individuals for household, family, and other personal expenditures:

Credit cards	0	0
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Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards)	49	13
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Loans to foreign governments and official institutions	0	0
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All other loans	0	0
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Lease financing receivables	0	0
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Debt securities and other assets (exclude other real estate owned and other repossessed assets)	0	0
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Loans and leases reported which are wholly or partially guaranteed by the U.S. Government (including loans and leases covered by FDIC loss-sharing agreements)	0	0
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Guaranteed portion of loans and leases (exclude rebooked "GNMA loans")	0	0
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Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase	0	0
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Memoranda

Restructured loans and leases:

Loans secured by 1-4 family residential properties	0	0
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Other loans and all leases (exclude loans to individuals for household, family, and other personal expenditures)	0	0
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Loans to finance commercial real estate, construction, and land development activities (not secured by real estate)	0	0
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Loans secured by real estate to non-U.S. addressees (domicile)	N/A	N/A
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Loans to and acceptances of foreign banks	N/A	N/A
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Commercial and industrial loans to non-U.S. addressees (domicile)	N/A	N/A
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Leases to individuals for household, family, and other personal expenditures	N/A	N/A
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Loans to finance agricultural production and other loans to farmers	N/A	N/A
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Loans and leases held for sale	0	0
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Loans measured at fair value:

Fair value	0	0
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Unpaid principal balance	0	0
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Additions to nonaccrual assets during the quarter	0	0
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Nonaccrual assets sold during the quarter	0	0
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INCOME STATEMENT

December 31st
2010 2009
(Dollar Amounts in Thousands)

Interest income:		
Interest and fee income on loans:		
Loans secured by real estate:		
Loans secured by 1-4 family residential properties	3,702	4,185
All other loans secured by real estate	3,475	3,189
Commercial and industrial loans	764	1,081
Loans to individuals for household, family, & other personal expenditures:		
Credit cards	56	59
Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards)	81	100
Loans to foreign governments and other official institutions	0	0
All other loans	40	87
Total interest and fee income on loans	8,118	8,701
Income from lease financing receivables	0	0
Interest income on balances due from depository institutions	256	385
Interest and dividend income on securities:		
U.S. Treasury securities and U.S. Government agency obligations	839	929
Mortgage-backed securities	462	244
All other securities	660	561
Interest income from trading assets	0	0
Interest income on federal funds sold and securities purchased under agreements to resell	0	0
Other interest income	11	10
Total interest income	10,346	10,830
Interest expense:		
Interest on deposits:		
Transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	98	97
Nontransaction accounts:		
Savings deposits (includes MMDAs)	535	524
Time deposits of \$100,000 or more	393	458
Time deposits of less than \$100,000	293	564
Expense of federal funds purchased and securities sold under agreements to repurchase	22	30
Interest on trading liabilities and other borrowed money	0	0
Interest on subordinated notes and debentures	0	0
Total interest expense	1,341	1,673
Net interest income	9,005	9,157
Provision for loan and lease losses	480	1,300
Noninterest income:		
Income from fiduciary activities	2,716	2,384
Service charges on deposit accounts	342	356
Trading revenue	0	0
Fees and commissions from securities brokerage	0	0
Investment banking, advisory, and underwriting fees and commissions	0	0
Fees and commissions from annuity sales	0	0
Underwriting income from insurance and reinsurance activities	0	0
Income from other insurance activities	0	0
Venture capital revenue	0	0
Net servicing fees	170	131
Net securitization income	0	0
Net gains (losses) on sales of loans and leases	314	331
Net gains (losses) on sales of other real estate owned	0	0
Net gains (losses) on sales of other assets (excluding securities)	0	0
Other noninterest income	560	655
Total noninterest income	4,102	3,857

INCOME STATEMENT - Continued

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Realized gains (losses) on held-to-maturity securities	0	0
Realized gains (losses) on available-for-sale securities	240	558
Noninterest expense:		
Salaries and employee benefits	4,804	4,587
Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	645	628
Goodwill impairment losses	0	0
Amortization expense and impairment losses for other intangible assets	0	0
Other noninterest expense	3,179	2,645
Total noninterest expense	8,628	7,860
Income (loss) before income taxes & extraordinary items & other adjustments	4,239	4,412
Applicable income taxes	-35	60
Income (loss) before extraordinary items and other adjustments	4,274	4,352
Extraordinary items and other adjustments, net of income taxes	0	0
Net income (loss) attributable to bank and noncontrolling (minority) interests	4,274	4,352
LESS: Net income (loss) attributable to noncontrolling (minority) interests	0	0
Net income (loss) attributable to bank	4,274	4,352
Memoranda		
Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after 8/7/86, that is not deductible for federal income tax purposes	21	22
Income from the sale and servicing of mutual funds and annuities	N/A	N/A
Income on tax-exempt loans & leases to states & political subdivisions in U.S.	0	35
Income on tax-exempt securities issued by states & political subdivisions in U.S.	660	561
Number of full-time equivalent employees at end of current period	57	52
Interest and fee income on loans to finance agricultural production and other loans to farmers	N/A	N/A
Trading revenue (from cash instruments and derivative instruments):		
Interest rate exposures	N/A	N/A
Foreign exchange exposures	N/A	N/A
Equity security and index exposures	N/A	N/A
Commodity and other exposures	N/A	N/A
Credit exposures	N/A	N/A
Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account:		
Net gains (losses) on credit derivatives held for trading	0	0
Net gains (losses) on credit derivatives held for purposes other than trading	0	0
Credit losses on derivatives	N/A	N/A
Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?	Yes	Yes
Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties	N/A	N/A
Net gains (losses) recognized in earnings on assets and liabilities that are reported at fair value under a fair value option:		
Net gains (losses) on assets	N/A	N/A
Estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk	N/A	N/A
Net gains (losses) on liabilities	N/A	N/A
Estimated net gains (losses) on liabilities attributable to changes in instrument-specific credit risk	N/A	N/A

INCOME STATEMENT - Continued

December 31st
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Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities (N/A prior to March 2010):		
Total other-than-temporary impairment losses	0	N/A
Portion of losses recognized in other comprehensive income (before income taxes)	0	N/A
Net impairment losses recognized in earnings (included in Schedule RI, items 6.a and 6.b) (Memorandum item 14.a minus item 14.b)	0	N/A

CHANGES IN BANK EQUITY CAPITAL

Total bank equity capital most recently reported for the December 31, 2009, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)	23,790	24,431
Cumulative effect of changes in accounting principles and corrections of material accounting errors	0	0
Balance end of previous calendar year as restated	23,790	24,431
Net income (loss) attributable to bank	4,274	4,352
Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions)	0	0
Treasury stock transactions, net	0	0
Changes incident to business combinations, net	0	0
LESS: Cash dividends declared on preferred stock	0	0
LESS: Cash dividends declared on common stock	3,250	4,000
Other comprehensive income	95	-861
Other transactions with parent holding company	0	0
Total bank equity capital end of current period	24,909	23,922

CHANGES IN ALLOWANCE FOR LOAN AND LEASE LOSSES

Balance most recently reported for the December 31, 2009, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)	1,269	1,399
Recoveries	73	14
LESS: Charge-offs	322	1,576
LESS: Write-downs arising from transfers of loans to a held-for-sale account	0	0
Provision for loan and lease losses	480	1,300
Adjustments	0	0
Balance end of current period	1,500	1,137

FINANCIAL RATIOS

December 31st
2010 2009

Earnings and Profitability

Net Interest Margin / Average Assets <i>Net interest margin is an indication of the profitability of a bank's investments.</i>	2.97	3.31
Overhead Expense / Average Assets <i>Overhead expenses are the fixed operating costs in a bank, and include salaries and benefits, leases of building and equipment, and other related expenses.</i>	2.85	2.85
Return on Average Assets (R.O.A.) <i>R.O.A. is a measure of return on the bank's assets, indicating how effectively they are employed.</i>	1.41	1.58
Return on Average Bank Equity (R.O.E.) <i>R.O.E. is a measure of how well bank equity capital is being utilized, indicating the return of the shareholder's investment in the bank.</i>	17.33	17.85

Loan and Lease Analysis

Net Charge-Offs / Average Loans <i>Net charge-offs measure the amount of loans charged off as bad debt, less recoveries collected, giving an indication of past loan quality.</i>	0.17	1.02
Earnings Coverage of Net Charge-Offs (X) <i>Measures the bank's ability to absorb potential losses from nonperforming loans.</i>	17.99	3.30
Loan Loss Reserve / Total Loans <i>Loan loss reserves represent the amount thought to be adequate to cover estimated losses in the loan portfolio.</i>	0.99	0.78
Nonperforming Loans / Gross Loans <i>The percent of the bank's loans which are past due 90 days or more or are not accruing interest according to the original terms of the borrower's loan agreement.</i>	2.38	1.86

Liquidity

Total Loans / Total Deposits <i>Measures a bank's application of interest-earning deposit liabilities to fund loan growth.</i>	52.14	55.53
Time Deposits of more than \$250,000 / Total Deposits <i>Larger deposits are typically more costly, and amounts exceeding \$250,000 per account are not insured by the FDIC. *</i>	4.71	10.75

Capital Adequacy

Leverage Ratio <i>To be considered Well-Capitalized or Adequately Capitalized by the regulators, a bank must have a Core Capital to Adjusted Total Assets ratio of 4.0% or greater.</i>	7.54	8.00
Risk-Based Capital Ratio <i>An indicator of a bank's financial strength, banks are expected to meet a minimum total risk-based capital ratio of 8.0%.</i>	16.15	17.37

* On July 21, 2010, the standard maximum deposit insurance amount was permanently raised from \$100,000 to \$250,000. The 2009 ratio includes time deposits of \$100,000 or more.

This disclosure statement has been produced by Jack Henry & Associates, Inc. The financial information appearing in this statement was obtained from Federal Financial Institution Examination Council (FFIEC) Reports of Condition and Income submitted by all FDIC-Insured depository institutions. All information contained herein was obtained from sources deemed reliable; however, no guarantee is given as to the accuracy of the data or the calculations derived therefrom. This statement has not been reviewed, or confirmed for accuracy or relevance, by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, or the Federal Reserve Board.

I do hereby attest that this Annual Disclosure Statement for this report date has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

Authorized Officer of the Bank