

## Consolidated Statement of Income

(000's omitted, except per share data)  
Year Ended December 31

|  | 2006            | 2005            | 2004            |
|--|-----------------|-----------------|-----------------|
| <b>Interest Income</b>                                     |                 |                 |                 |
| Loans - Including fees                                     | \$ 27,217       | \$ 24,090       | \$ 20,818       |
| Debt securities:   |                 |                 |                 |
| Taxable  | 2,563           | 2,926           | 2,613           |
| Tax-exempt   | 795             | 882             | 866             |
| Short-term investments                                     | 669             | 321             | 398             |
| <b>Total interest income</b>                               | <b>31,244</b>   | <b>28,219</b>   | <b>24,695</b>   |
| <b>Interest Expense</b>                                    | 14,514          | 10,774          | 8,250           |
| <b>Net Interest Income</b>                                 | <b>16,730</b>   | <b>17,445</b>   | <b>16,445</b>   |
| <b>Provision for Loan Losses</b> (Note 3)                  | 2,026           | 1,680           | 749             |
| <b>Net Interest Income After Provision for Loan Losses</b> | <b>14,704</b>   | <b>15,765</b>   | <b>15,696</b>   |
| <b>Non-interest Income</b>                                 |                 |                 |                 |
| Service charges - Deposits                                 | 1,739           | 1,617           | 1,539           |
| Gain on sale of mortgage loans                             | 509             | 511             | 524             |
| Gain(loss) on sale of investment securities                | (99)            | -               | 236             |
| Other  | 1,129           | 1,299           | 1,101           |
| <b>Total other operating income</b>                        | <b>3,278</b>    | <b>3,427</b>    | <b>3,400</b>    |
| <b>Non-interest Expense</b>                                |                 |                 |                 |
| Salaries and employee benefits (Note 8)                    | 7,751           | 7,477           | 7,193           |
| Occupancy and equipment                                    | 1,679           | 1,630           | 1,305           |
| Other  | 3,985           | 3,881           | 3,427           |
| <b>Total other operating expenses</b>                      | <b>13,415</b>   | <b>12,988</b>   | <b>11,925</b>   |
| <b>Income - Before income taxes</b>                        | 4,567           | 6,204           | 7,171           |
| <b>Income Tax Expense</b> (Note 7)                         | 1,354           | 1,784           | 1,953           |
| <b>Net Income</b>  | <b>\$ 3,213</b> | <b>\$ 4,420</b> | <b>\$ 5,218</b> |
| <b>Earnings Per Share - Basic</b>                          | \$ 2.51         | \$ 3.45         | \$ 4.08         |



See Notes to Consolidated Financial Statements