

**The Bank of Fayetteville**  
**Unaudited Financials--June 30, 2008**  
(000's Omitted)

**Balance Sheet**

Assets	<u>2008</u>	<u>2007</u>	<u>Difference</u>
Cash	\$10,121	\$8,710	\$1,411
Investments	\$78,657	\$100,805	(\$22,148)
Fed Funds Sold	\$0	\$0	\$0
Gross Loans	\$360,951	\$297,308	\$63,643
Less: Reserve for Loan Loss	( <u>\$5,886</u> )	( <u>\$4,229</u> )	( <u>\$1,657</u> )
Net Loans	\$355,065	\$293,079	\$61,986
Fixed Assets	\$9,813	\$7,431	\$2,382
Other Real Estate Owned	\$2,060	\$0	\$2,060
Other Assets	<u>\$15,069</u>	<u>\$16,133</u>	( <u>\$1,064</u> )
Total Assets	\$470,785	\$426,158	\$44,627
Liabilities & Capital			
Non Interest Bearing Deposits	\$14,090	\$17,214	(\$3,124)
Interest Bearing Deposits	<u>\$322,722</u>	<u>\$283,975</u>	<u>\$38,747</u>
Total Deposits	\$336,812	\$301,189	\$35,623
Fed Funds Purchased	\$2,230	\$2,135	\$95
Borrowed Funds	\$92,707	\$87,215	\$5,492
Other Liabilities	<u>\$2,240</u>	<u>\$2,919</u>	( <u>\$679</u> )
Total Liabilities	\$433,989	\$393,458	\$40,531
Capital	<u>\$36,796</u>	<u>\$32,700</u>	<u>\$4,096</u>
Total Liabilities & Capital	\$470,785	\$426,158	\$44,627

**Income Statement**

	<u>2008</u>	<u>2007</u>	<u>Difference</u>
Interest Income	\$14,398	\$14,165	\$233
Interest Expense	( <u>\$6,077</u> )	( <u>\$6,572</u> )	\$495
Net Interest Margin	\$8,321	\$7,593	\$728
Provision for Loan Losses	( <u>\$1,225</u> )	( <u>\$300</u> )	( <u>\$925</u> )
Net Interest Margin After Provision	\$7,096	\$7,293	(\$197)
Non Interest Income	\$2,064	\$2,700	(\$636)
Non Interest Expense	( <u>\$6,085</u> )	( <u>\$5,632</u> )	( <u>\$453</u> )
Net Overhead	( <u>\$4,021</u> )	( <u>\$2,932</u> )	( <u>\$1,089</u> )
Net Income Before Taxes	\$3,075	\$4,361	(\$1,286)
Applicable Taxes	( <u>\$867</u> )	( <u>\$1,175</u> )	\$308
Net Income After Taxes	\$2,208	\$3,186	(\$978)