

Annual Disclosure Statement

as of December 31, 2007

BALANCE SHEET

December 31st
2007 2006
(Dollar Amounts in Thousands)

Assets

Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin	5,919	5,966
Interest-bearing balances	3,000	4,866
Securities:		
Held-to-maturity securities	0	0
Available-for-sale securities	38,810	42,388
Federal funds sold and securities purchased under agreements to resell:		
Federal funds sold	5,800	10,500
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	162,718	147,210
LESS: Allowance for loan and lease losses	1,236	1,111
Loans and leases, net of unearned income and allowance	161,482	146,099
Trading assets	0	0
Premises and fixed assets (including capitalized leases)	2,629	2,610
Other real estate owned	0	0
Investments in unconsolidated subsidiaries and associated companies	0	0
Intangible assets:		
Goodwill	0	0
Other intangible assets	0	0
Other assets	3,079	3,083
Total assets	220,719	215,512

Liabilities

Deposits:		
In domestic offices	194,171	190,929
Noninterest-bearing	52,992	51,611
Interest-bearing	141,179	139,318
Federal funds purchased and securities sold under agreements to repurchase:		
Federal funds purchased	0	0
Securities sold under agreements to repurchase	2,771	3,186
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	1,864	1,834
Total liabilities	198,806	195,949
Minority interest in consolidated subsidiaries	0	0

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	16,171	14,550
Accumulated other comprehensive income	466	-263
Other equity capital components	0	0
Total equity capital	21,913	19,563
Total liabilities, minority interest, and equity capital	220,719	215,512

PAST DUE AND NONACCRUAL LOANS, LEASES, AND
OTHER ASSETS

December 31st
2007 2006
(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	28	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	10	75
Closed-end loans secured by 1-4 family residential properties:		
Secured by first liens	371	300
Secured by junior liens	117	0
Secured by multifamily (5 or more) residential properties	0	0
Secured by nonfarm nonresidential properties	352	0
Loans to depository institutions and acceptances of other banks	0	0
Commercial and industrial loans	2,650	279
Loans to individuals for household, family, and other personal expenditures:		
Credit cards	3	2
Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards)	89	12
Loans to foreign governments and official institutions	0	0
All other loans	30	29
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	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	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 prior to March 2007)	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
Interest rate, foreign exchange rate, and other commodity and equity contracts:		
Fair value of amounts carried as assets	N/A	N/A
Construction, land development, and other land loans (N/A prior to March 2007):		
1-4 family residential construction loans	0	N/A
Other construction loans and all land development and other land loans	28	N/A
Loans secured by nonfarm nonresidential properties (N/A prior to March 2007):		
Loans secured by owner-occupied nonfarm nonresidential properties	352	N/A
Loans secured by other nonfarm nonresidential properties	0	N/A

PAST DUE AND NONACCRUAL LOANS, LEASES, AND
OTHER ASSETS

December 31st
2007 2006
(Dollar Amounts in Thousands)

Past due 90 days or more and still accruing

Loans secured by real estate:		
Construction, land development, and other land loans	0	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	174	0
Closed-end loans secured by 1-4 family residential properties:		
Secured by first liens	96	26
Secured by junior liens	181	0
Secured by multifamily (5 or more) residential properties	0	0
Secured by nonfarm nonresidential properties	0	0
Loans to depository institutions and acceptances of other banks	0	0
Commercial and industrial loans	512	2,450
Loans to individuals for household, family, and other personal expenditures:		
Credit cards	8	0
Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards)	3	0
Loans to foreign governments and official institutions	0	0
All other loans	154	26
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	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	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 prior to March 2007)	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
Interest rate, foreign exchange rate, and other commodity and equity contracts:		
Fair value of amounts carried as assets	N/A	N/A
Construction, land development, and other land loans (N/A prior to March 2007):		
1-4 family residential construction loans	0	N/A
Other construction loans and all land development and other land loans	0	N/A
Loans secured by nonfarm nonresidential properties (N/A prior to March 2007):		
Loans secured by owner-occupied nonfarm nonresidential properties	0	N/A
Loans secured by other nonfarm nonresidential properties	0	N/A

PAST DUE AND NONACCRUAL LOANS, LEASES, AND
OTHER ASSETS

December 31st
2007 2006
(Dollar Amounts in Thousands)

Nonaccrual

Loans secured by real estate:		
Construction, land development, and other land loans	0	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	0	0
Closed-end loans secured by 1-4 family residential properties:		
Secured by first liens	0	0
Secured by junior liens	20	0
Secured by multifamily (5 or more) residential properties	0	0
Secured by nonfarm nonresidential properties	0	0
Loans to depository institutions and acceptances of other banks	0	0
Commercial and industrial loans	68	0
Loans to individuals for household, family, and other personal expenditures:		
Credit cards	0	0
Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards)	0	0
Loans to foreign governments and official institutions	0	0
All other loans	0	0
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	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	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 prior to March 2007)	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
Additions to nonaccrual assets during the quarter	0	0
Nonaccrual assets sold during the quarter	0	0
Construction, land development, and other land loans (N/A prior to March 2007):		
1-4 family residential construction loans	0	N/A
Other construction loans and all land development and other land loans	0	N/A
Loans secured by nonfarm nonresidential properties (N/A prior to March 2007):		
Loans secured by owner-occupied nonfarm nonresidential properties	0	N/A
Loans secured by other nonfarm nonresidential properties	0	N/A

INCOME STATEMENT

December 31st
2007 2006
(Dollar Amounts in Thousands)

Interest income:		
Interest and fee income on loans:		
Loans secured by real estate	8,385	7,578
Commercial and industrial loans	1,724	1,917
Loans to individuals for household, family, and other personal expenditures:		
Credit cards	56	52
Other (includes single payment, installment, all student loans, and revolving credit plans other than credit cards)	127	107
Loans to foreign governments and other official institutions	0	0
All other loans	179	169
Total interest and fee income on loans	10,471	9,823
Income from lease financing receivables	0	2
Interest income on balances due from depository institutions	135	41
Interest and dividend income on securities:		
U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	1,004	757
Mortgage-backed securities	25	32
All other securities (includes securities issued by states and political subdivisions in the U.S.)	692	864
Interest income from trading assets	0	0
Interest income on federal funds sold and securities purchased under agreements to resell	264	429
Other interest income	36	40
Total interest income	12,627	11,988
Interest expense:		
Interest on deposits:		
Transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	466	303
Nontransaction accounts:		
Savings deposits (includes MMDAs)	1,218	1,098
Time deposits of \$100,000 or more	772	624
Time deposits of less than \$100,000	767	620
Expense of federal funds purchased and securities sold under agreements to repurchase	113	130
Interest on trading liabilities and other borrowed money	0	0
Interest on subordinated notes and debentures	0	0
Total interest expense	3,336	2,775
Net interest income	9,291	9,213
Provision for loan and lease losses	145	0
Noninterest income:		
Income from fiduciary activities	2,642	2,343
Service charges on deposit accounts	349	397
Trading revenue	0	0
Fees and commissions from securities brokerage (N/A prior to March 2007)	0	N/A
Investment banking, advisory, and underwriting fees and commissions *	0	0
Fees and commissions from annuity sales (N/A prior to March 2007)	0	N/A
Underwriting income from insurance and reinsurance activities	0	0
Income from other insurance activities	0	0
Venture capital revenue	0	0
Net servicing fees	215	204
Net securitization income	0	0

* Includes brokerage fees and commissions prior to March 2007.

INCOME STATEMENT - Continued

December 31st
2007 2006
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Net gains (losses) on sales of loans and leases	51	26
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	305	279
Total noninterest income	3,562	3,249
Realized gains (losses) on held-to-maturity securities	0	0
Realized gains (losses) on available-for-sale securities	0	-110
Noninterest expense:		
Salaries and employee benefits	4,269	4,153
Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	603	591
Goodwill impairment losses	0	0
Amortization expense and impairment losses for other intangible assets	0	0
Other noninterest expense	2,241	2,091
Total noninterest expense	7,113	6,835
Income (loss) before income taxes and extraordinary items and other adjustments	5,595	5,517
Applicable income taxes	-26	60
Income (loss) before extraordinary items and other adjustments	5,621	5,457
Extraordinary items and other adjustments, net of income taxes	0	0
Net income (loss)	5,621	5,457
Memoranda		
Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes	76	79
Income from the sale and servicing of mutual funds and annuities	0	0
Income on tax-exempt loans and leases to states and political subdivisions in the U.S.	124	116
Income on tax-exempt securities issued by states and political subdivisions in the U.S.	692	864
Number of full-time equivalent employees at end of current period	48	50
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 prior to March 2007)	N/A	N/A
Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account (N/A prior to March 2007):		
Net gains (losses) on credit derivatives held for trading	0	N/A
Net gains (losses) on credit derivatives held for purposes other than trading	0	N/A
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 prior to March 2007)	N/A	N/A

CHANGES IN EQUITY CAPITAL

December 31st
2007 2006
(Dollar Amounts in Thousands)

Total equity capital most recently reported for the December 31, 2006, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)	19,563	18,021
Restatements due to corrections of material accounting errors and changes in accounting principles	0	0
Balance end of previous calendar year as restated	19,563	18,021
Net income (loss)	5,621	5,457
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	4,000	4,000
Other comprehensive income	729	85
Other transactions with parent holding company	0	0
Total equity capital end of current period	21,913	19,563

CHANGES IN ALLOWANCE FOR LOAN AND LEASE LOSSES

Balance most recently reported for the December 31, 2006, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income)	1,111	1,139
Recoveries	36	12
LESS: Charge-offs	56	40
LESS: Write-downs arising from transfers of loans to a held-for-sale account	0	0
Provision for loan and lease losses	145	0
Adjustments	0	0
Balance end of current period	1,236	1,111

FINANCIAL RATIOS

December 31st
2007 2006

Earnings and Profitability

Net Interest Margin / Average Assets <i>Net interest margin is an indication of the profitability of a bank's investments.</i>	4.35	4.35
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>	3.33	3.23
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>	2.63	2.58
Return on Average Equity (R.O.E.) <i>R.O.E. is a measure of how well equity capital is being utilized, indicating the return of the shareholder's investment in the bank.</i>	27.26	29.12

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>	0.01	0.02
Earnings Coverage of Net Charge-Offs (X) <i>Measures the bank's ability to absorb potential losses from nonperforming loans.</i>	287.00	200.96
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>	0.76	0.75
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>	0.75	1.70

Liquidity

Total Loans / Total Deposits <i>Measures a bank's application of interest-earning deposit liabilities to fund loan growth.</i>	83.80	77.10
Time Deposits of \$100,000 or more / Total Deposits <i>Larger deposits are typically more costly, and amounts exceeding \$100,000 per account are not insured by the FDIC.</i>	9.63	9.02

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>	9.75	9.23
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>	15.11	15.31

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