

**Calvin B. Taylor Bankshares, Inc. and Subsidiary**  
**Consolidated Statements of Income**

	Years ended December 31,		
	2009	2008	2007
<b>Interest and dividend revenue</b>			
Loans, including fees	\$ 15,962,526	\$ 16,582,428	\$ 16,645,904
U.S. Treasury and government agency securities	1,605,558	2,243,413	2,811,829
State and municipal securities	45,674	42,336	68,445
Federal funds sold	66,548	732,227	1,919,020
Interest-bearing deposits	158,496	325,396	168,485
Equity securities	63,391	74,843	70,479
Total interest and dividend revenue	<u>17,902,193</u>	<u>20,000,643</u>	<u>21,684,162</u>
<b>Interest expense</b>			
Deposits	2,506,433	3,963,962	4,616,037
Borrowings	36,205	58,292	35,803
Total interest expense	<u>2,542,638</u>	<u>4,022,254</u>	<u>4,651,840</u>
Net interest income	15,359,555	15,978,389	17,032,322
<b>Provision for loan losses</b>	850,000	617,526	-
Net interest income after provision for loan losses	<u>14,509,555</u>	<u>15,360,863</u>	<u>17,032,322</u>
<b>Noninterest revenue</b>			
Service charges on deposit accounts	987,169	1,092,899	1,022,472
ATM and debit card revenue	533,822	518,859	505,146
Increase in cash surrender value of bank owned life insurance	174,468	194,040	190,511
Miscellaneous revenue	293,167	231,392	214,807
Total noninterest revenue	<u>1,988,626</u>	<u>2,037,190</u>	<u>1,932,936</u>
<b>Noninterest expenses</b>			
Salaries	3,717,107	3,681,469	3,563,855
Employee benefits	953,890	989,482	969,305
Occupancy	763,715	753,605	700,092
Furniture and equipment	476,518	464,559	463,582
Deposit insurance premiums	495,406	43,186	33,831
Other operating	2,106,936	2,019,967	1,831,426
Total noninterest expenses	<u>8,513,572</u>	<u>7,952,268</u>	<u>7,562,091</u>
Income before income taxes	7,984,609	9,445,785	11,403,167
<b>Income taxes</b>	<u>2,875,000</u>	<u>3,386,568</u>	<u>4,106,580</u>
<b>Net income</b>	<u>\$ 5,109,609</u>	<u>\$ 6,059,217</u>	<u>\$ 7,296,587</u>
<b>Earnings per common share - basic and diluted</b>	<u>\$ 1.69</u>	<u>\$ 1.97</u>	<u>\$ 2.33</u>