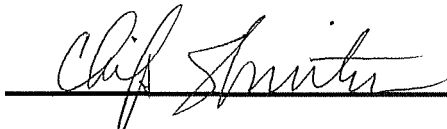


F & M BANK
STATEMENT OF CONDITION
JUNE 30, 2008

ASSETS		LIABILITIES AND CAPITAL	
CASH	3,439,000	DEPOSITS	71,426,000
SECURITIES	13,787,000	BORROWINGS	3,465,000
LOANS	60,909,000	OTHER LIABILITIES	894,000
FIXED ASSETS	2,958,000	TOTAL LIABILITIES	<u>75,785,000</u>
OTHER ASSETS	2,525,000	EQUITY CAPITAL	7,833,000
TOTAL ASSETS	<u>83,618,000</u>	TOTAL LIABILITIES AND CAPITAL	<u>83,618,000</u>

NOTES:

- 1) The bank's equity capital greatly exceeds the minimums set by the bank's governmental regulators.
- 2) The bank's profitability exceeds those of its peers.
- 3) The bank is routinely and frequently examined by its governmental regulators and is in good standing with them.



Chip Winter, Chief Financial Officer