SECOND QUARTER REPORT
As of June 30, 2009

PROFILE
Lyons Bancorp, Inc. is a bank holding company headquartered in Lyons, New York, with assets of $429 million at June 30, 2009. Lyons Bancorp, Inc. has one banking subsidiary, The Lyons National Bank.

The Lyons National Bank is a community bank with offices in Clyde, Lyons, Macedon, Newark, Ontario and Wolcott in Wayne County, Jordan in Onondaga County, Geneva in Ontario County and Penn Yan in Yates County. Subsidiaries of The Lyons National Bank are Lyons Realty Associates Corp. and LNB Life Agency, Inc.

STOCK SYMBOL
LYBC

BOARD OF DIRECTORS

Robert A. Schick
President & Chief Executive Officer
Lyons Bancorp, Inc. & The Lyons National Bank

David J. Breen, Jr.
General Manager
Herrema’s Market Place

Clair J. Britt, Jr.
Executive Vice President & Senior Commercial Lending Officer
The Lyons National Bank

Andrew E. Fredericksen, CPA
Senior Partner
Fredericksen & Sirianni, LLP

Dale H. Hemminger
President & General Manager
Hemmade Farms & Greenhouses

James A. Homburger
Real Estate Broker

Thomas L. Kime
Executive Vice President & Chief Operating Officer
The Lyons National Bank

Theodore J. Marshall
President & Chief Executive Officer
Marshall Companies

James E. Santelli
Retired Vice President & Co-owner, Santelli Lumber Co.

John J. Werner, Jr.
Retired President & Chief Executive Officer
Lyons Bancorp, Inc. & The Lyons National Bank

Carol A. Smoak
Banking Officer & Corporate/Executive Secretary
The Lyons National Bank

GENEVA ADVISORY BOARD

Peter J. D’Amico, Jr.
D’Amico Chrysler Dodge Jeep

Joseph A. Fragnoli
Super Caskets

Carl W. Fribolin
White Springs Winery

Bernard G. Lynch
Lynch Furniture

Jane M. Shaffer
Sessler Companies

Bryan G. vonHahmann
Dairy Cooperative Inc.

Earl (Red) T. Wadham’s

Wadham’s Enterprises, Inc.

PENN YAN ADVISORY BOARD

Bonnie B. Curbeau
Curbeau Realty

Michael D. Linehan
Yates County Chamber of Commerce

James H. Long
Long’s Cards and Books

Paul W. Marble, Jr.
Marble’s Automotive and Glass

Henry H. Martin
Dairy Farmer

Neil J. Simmons
Simmons Vineyards

William H. Sutherland
Sutherland Corporation (retired)

THE LYONS NATIONAL BANK

It’s all about people... LNB & you.

Paul Marble continued – with associations such as: Finger Lakes Health Board of Directors, Cornerstone of Care Campaign, as well as the Finger Lakes Council of Boy Scouts, contributes to the well being of his community. Paul and other local community leaders like him, serve on LNB’s Board and Advisory boards. Their involvement with the Bank contributes significantly to the financial success of the Bank as well as assisting us in better serving our community. If you want a bank that is connected to your community, stop by one of our offices or feel free to ask one of our local Board members and your local community leader about us.

Front Cover – Pictured with Paul are Ruth Benedict, Executive Director, Finger Lakes Health Foundation and Harold Gray, Cornerstone of Care Campaign Director.
It’s a very good time to be a conservative-minded community bank! Our long standing commitment to sound banking practices, our approach to personal one-on-one customer relationships, and our foresight to build a solid infrastructure continues paying handsome dividends.

When we adjust for the one-time $250 million bank-owned life insurance settlement we received in the second quarter of 2008, our basic core operating earnings for the first six months of 2009 increased more than 22% over those recorded for the same period last year – $1,615,827 versus $1,320,973. This equates to $1.90 versus an adjusted $1.55 on a per share basis. When including the one-time insurance settlement, earnings are up 2.86% versus the year ago level of 1.55% on a per share basis. When including the one-time life insurance settlement we received in the second period-end loans continued to fall and now stand at 0.97% versus the year ago level of 1.47%. Retail and commercial deposits are also growing solidly. Over the past year, total deposits increased from $340 million to $379 million – more than 10%. This growth is in spite of our decision to allow municipal deposits to run down because we return the receive for these deposits in the federal funds market is about the same as their cost. We continue to eschew raising deposits in the more volatile secondary broker market.

We have purposely kept the average life of our investment portfolio short to provide us with liquidity and position us for the time when interest rates begin to rise. As a result, the increase in the market value of the portfolio, as well as our increased earnings, has added to our shareholders' equity.

As of and for the Three Months Ended

<table>
<thead>
<tr>
<th>Share and Per Share Data</th>
<th>June 30, 2009</th>
<th>March 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average common shares outstanding (basic)</td>
<td>849,030</td>
<td>849,030</td>
</tr>
<tr>
<td>Average common shares outstanding (dilutive)</td>
<td>854,521</td>
<td>854,521</td>
</tr>
<tr>
<td>Net income per common share (basic)</td>
<td>$1.90</td>
<td>$1.84</td>
</tr>
<tr>
<td>Net income per common share (dilutive)</td>
<td>$1.90</td>
<td>$1.84</td>
</tr>
<tr>
<td>Cash dividend declared</td>
<td>$0.58</td>
<td>$0.56</td>
</tr>
<tr>
<td>Book value per common share (basic)</td>
<td>$32.44</td>
<td>$32.44</td>
</tr>
<tr>
<td>Book value per common share (dilutive)</td>
<td>$32.44</td>
<td>$32.44</td>
</tr>
<tr>
<td>Last stock trade</td>
<td>$32.30</td>
<td>$32.30</td>
</tr>
</tbody>
</table>

Key Ratios

<table>
<thead>
<tr>
<th>Earnings</th>
<th>Return on average assets</th>
<th>0.7%</th>
<th>0.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on return on average equity</td>
<td>11.8%</td>
<td>12.27%</td>
<td></td>
</tr>
<tr>
<td>Net interest margin</td>
<td>3.52%</td>
<td>3.63%</td>
<td></td>
</tr>
<tr>
<td>Efficiency ratio</td>
<td>74.80%</td>
<td>77.95%</td>
<td></td>
</tr>
<tr>
<td>Asset quality</td>
<td>Non-performing loans to average loans</td>
<td>1.47%</td>
<td>1.76%</td>
</tr>
<tr>
<td>Non-performing loans to average loans</td>
<td>0.0%</td>
<td>0.0%</td>
<td></td>
</tr>
</tbody>
</table>

Net income, $1,845,950, was $1,548,782 or 26.0% higher for the first six months of 2009 compared to 2008. The upward movement of our stock price reflects many of our efforts, as does the more positive tone of the general market. Even so, our dividend yield is still a healthy 3.63%.

While the country’s first quarter crisis mode has subsided, plenty of challenges remain for community banks like us. The FDIC is again talking about another possible special assessment; Congress and the President still don’t seem to understand that there is a difference between Main Street banks and Wall Street banks, at least as it pertains to costly new regulations; and the far reaching effects of increasing unemployment have not been totally played out. However, we remain confident that our deeply ingrained conservative culture will guide us through the uncertainty of the immediate future.

Sincerely,

Robert A. Schick
President and Chief Executive Officer

LYONS BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL INFORMATION UNAUDITED
As of and for the
Six Months Ended June 30, 2009

| Net interest income | $6,346,286 | $6,382,668 |
| Non-interest income | $3,067,882 | $3,245,856 |
| Securities gains/(losses) | $0 | $373,577 |
| Net income | $5,122,758 | $6,630,133 |
| Net income per common share (dilutive) | $1.90 | $2.08 |
| Book value per common share (dilutive) | $32.44 | $32.44 |
| Last stock trade | $32.30 | $32.30 |

LYONS BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL INFORMATION UNAUDITED
As of and for the
Three Months Ended

| Net interest income | $956,935 | $950,046 |
| Non-interest income | $1,148,615 | $1,081,051 |
| Net income | $2,007,550 | $2,031,097 |
| Book value per common share (dilutive) | $32.44 | $32.44 |
| Last stock trade | $32.30 | $32.30 |

LYONS BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL INFORMATION UNAUDITED

As of and for the
Six Months Ended June 30, 2009

| Non-interest income | $3,850,131 | $3,245,856 |
| Net income | $2,007,550 | $2,031,097 |
| Book value per common share (dilutive) | $32.44 | $32.44 |
| Last stock trade | $32.30 | $32.30 |