Second Quarter Report
As of June 30, 2010

“LNB’s generous support of the YMCA will both assist in the revitalization and expansion of its cardio fitness center providing greater access to its members; as well as attracting and recruiting new members to the organization.”

Marty Burns
Board President
Geneva Family YMCA

Profile

Lyons Bancorp, Inc. is a bank holding company headquartered in Lyons, New York, with assets of $488 million at June 30, 2010. 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; Penn Yan in Yates County and Seneca Falls in Seneca County. The Lyons National Bank has two subsidiaries, Lyons Realty Associates Corp., and LNB Life Agency, Inc.

Stock Symbol
LYBC

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Board President
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Pictured, on the cover, from left to right: Marty Burns, President, Geneva Family YMCA Board of Directors, is congratulated by Bob Schick, President and CEO, and Tara Rago, Geneva Branch Manager, of The Lyons National Bank at the ground breaking ceremony for the YMCA’s new cardio area expansion.

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 F. Fredericksen, CPA
Senior Partner
Fredericksen & Serini, LLP

Dale H. Hemminger
President & General Manager
Hemdale 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 of Patriot Tank Lines
Past 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. Smook
Banking Officer &
Corporate/Executive Secretary
The Lyons National Bank

Geneva Advisory Board
Peter J. D’Amico, Jr
D’Amico Chrysler Dodge Jeep

Jason S. Feinberg
Finger Lakes Health

Robert S. Flowers
Hobart and
William Smith Colleges

Joseph A. Fragnoli
Super Casinos

Carl W. Frabilin
White Springs Winery

Bernard G. Lynch
Lynch Furniture

Penn Yan Advisory Board
Bonnier R. 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 &
Glass

Henry H. Martin
Dairy farmer

Neil J. Simmons
Simmons Vineyards

William H. Sutherland
Sutherland Corporation (retired)

Seneca County
Advisory Board
Daniele Bonafaglia-Wirth
BonaDent Dental
Laboratories Inc.

Salvatore N. Frанzone
Cuccino’s Pizzeria

Jane M. Shaffer
Sessler Companies

Eugene Pierce
Glenora Wine Cellars, Inc.

John J. Werner, Jr.
PATCHEN REAL ESTATE

Bryan G. vonHahmann
Dairylea Cooperative Inc.

Earl (Red) T. Wadhams
Wadhams Enterprises, Inc.
As of and for the first six months of 2009. At June 30, 2010, the ratio of the Allowance to total period-end loans was 1.93% as compared to 1.47% at June 30, 2009. We are not located in an area that experiences “boom/bust” cycles and have not experienced significant loan charge-offs as have many of our peers. Nevertheless, the stagnation of the national economy is having an effect on some of our corporate and agricultural customers. We continue to be pro-active in addressing potential troubled loans, and in the 2nd quarter, we placed such a loan on non-accrual status. This resulted in our ratio of non-performing loans to period-end loan increasing to 1.98% from 0.91% at June 30, 2009 and 0.68% at March 31, 2010.

The foreseeable future will pose a different set of challenges to banks like ours as the economy struggles and both the intended and unintended consequences of new regulations reveal themselves. While current conditions may not be ideal, we continue to provide our shareholders stable and meaningful returns on their investment. More importantly, I am confident that we have the talent, systems, and policies in place that will ensure our success long into the future.

Sincerely,

Robert A. Schick
President and Chief Executive Officer

Dear shareholders & friends,

What we provided for the first six months of 2009. At June 30, 2010, the ratio of the Allowance to total period-end loans was 1.93% as compared to 1.47% at June 30, 2009.

We are not located in an area that experiences “boom/bust” cycles and have not experienced significant loan charge-offs as have many of our peers. Nevertheless, the stagnation of the national economy is having an effect on some of our corporate and agricultural customers. We continue to be pro-active in addressing potential troubled loans, and in the 2nd quarter, we placed such a loan on non-accrual status. This resulted in our ratio of non-performing loans to period-end loan increasing to 1.98% from 0.91% at June 30, 2009 and 0.68% at March 31, 2010.

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Sincerely,

Robert A. Schick
President and Chief Executive Officer

Woven into the Fabric of the Community

Lyons Bancorp, Inc. and Subsidiaries
Consolidated Financial Information Unaudited

Condensed Income Statement

As of and for the Six Months Ended June 30, 2010
(Values in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>$5,845</td>
<td>$6,886</td>
</tr>
<tr>
<td>Provision for loan losses</td>
<td>$1,200</td>
<td>$2,540</td>
</tr>
<tr>
<td>Net interest income after provision for loan losses</td>
<td>$7,425</td>
<td>$6,346</td>
</tr>
<tr>
<td>Securities gains</td>
<td>$0</td>
<td>$174</td>
</tr>
<tr>
<td>Non-interest income</td>
<td>$2,430</td>
<td>$2,540</td>
</tr>
<tr>
<td>Non-interest expense</td>
<td>$3,900</td>
<td>$3,010</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>$2,054</td>
<td>$2,226</td>
</tr>
<tr>
<td>Income taxes</td>
<td>$444</td>
<td>$640</td>
</tr>
<tr>
<td>Net income</td>
<td>$1,610</td>
<td>$1,586</td>
</tr>
</tbody>
</table>

Share and Per Share Data

Average common shares outstanding (basic) | 858,123      | 849,030      |
Average common shares outstanding (dilutive) | 858,123      | 849,030      |
Period-end common shares outstanding (common) | 858,194      | 854,521      |
Period-end common shares outstanding (dilutive) | 858,194      | 854,521      |
Net income per common share (basic) | $2.34        | $1.90        |
Net income per common share (dilutive) | $2.34        | $1.90        |
Cash dividend declared | $0.63        | $0.58        |
Book value per common shares (basic) | $37.08       | $32.44       |
Book value per common shares (dilutive) | $37.08       | $32.44       |
Liquidity ratio | 36.67        | 32.30        |

Period-end Balances

Assets | $487,729      | $429,516      |
Earnings assets | $455,949      | $399,000      |
Loans | $296,491      | $280,310      |
Allowance for loan losses | $5,713        | $3,322        |
Deposits | $423,064      | $379,262      |
Shareholders’ equity | $31,819       | $27,718       |

Average Balances

Assets | $474,319      | $423,766      |
Earnings assets | $461,003      | $397,945      |
Loans | $290,384      | $266,588      |
Allowance for loan losses | $5,179        | $3,727        |
Deposits | $409,205      | $376,896      |
Shareholders’ equity | $31,161       | $27,619       |

Key Ratios

Earnings return on average assets | 0.60%        | 0.77%        |
Return on average equity | 13.93%       | 11.89%       |
Net interest margin | 3.89%        | 3.52%        |
Efficiency ratio* | 67.48%       | 74.30%       |
Asset quality
Net loan charge-offs to average loans | 0.08%        | 0.10%        |
Allowance for loan losses to period-end loans | 1.95%        | 1.47%        |
Non-performing loans to period-end loans | 0.91%        | 0.93%        |

(Dollars in thousands)

Heat rate ratios

Net interest income after provision for loan losses | $3,683      | $3,742      |
Securities gains | $0          | $30        |
Non-interest income | $1,269      | $1,161      |
Non-interest expense | $3,900      | $3,551      |
Income before income taxes | $1,262      | $1,392      |
Income taxes | $255        | $368        |
Net income | $1,007      | $1,083      |

Share and Per Share Data

Average common shares outstanding (basic) | 858,204      | 858,064      |
Average common shares outstanding (dilutive) | 858,204      | 858,064      |
Period-end common shares outstanding (common) | 858,194      | 858,056      |
Period-end common shares outstanding (dilutive) | 858,194      | 858,056      |
Net income per common share (basic) | $1.17        | $1.17        |
Net income per common share (dilutive) | $1.17        | $1.17        |
Cash dividend declared | $0.33        | $0.30        |
Book value per common share (dilutive) | $37.08       | $35.66       |
Book value per common share (dilutive) | $37.08       | $35.66       |
Liquidity ratio | 36.67        | 39.95        |

Period-end Balances

Assets | $487,729      | $471,236      |
Earnings assets | $455,949      | $409,000      |
Loans | $296,491      | $280,310      |
Allowance for loan losses | $5,713        | $3,322        |
Deposits | $423,064      | $379,262      |
Shareholders’ equity | $31,819       | $28,099      |

Average Balances

Assets | $474,319      | $423,766      |
Earnings assets | $461,003      | $397,945      |
Loans | $290,384      | $266,588      |
Allowance for loan losses | $5,179        | $3,727        |
Deposits | $409,205      | $376,896      |
Shareholders’ equity | $31,161       | $27,619      |

Key Ratios

Earnings return on average assets | 0.83%        | 0.88%        |
Return on average equity | 12.79%       | 11.89%       |
Net interest margin | 3.89%        | 3.59%        |
Efficiency ratio* | 66.38%       | 66.48%       |
Asset quality
Net loan charge-offs to average loans | 0.01%        | 0.10%        |
Allowance for loan losses to period-end loans | 1.95%        | 1.79%        |
Non-performing loans to period-end loans | 1.98%        | 0.68%        |

(Dollars in thousands)

Compare these ratios with those of our peers and industry averages.

*Calculated by dividing total non-interest expense by net interest income plus non-interest income (adjusted for certain items).

As far as we view the future, the economic uncertainty we face, as well as our conservative approach to credit risk and our strategy of reserving for potential losses. For the quarter ending June 30, 2010, we added an additional $260,000 to our Allowance for Loan and Lease Losses. So far in 2010, we have added $1.12 million to the Allowance, double