

**First Quarter Report
As of March 31, 2008**



*Mortgage Specialist Tom David with
the Reeder family – new homeowners.*



Corporate Offices
Lyons Bancorp, Inc.
35 William Street • PO Box 380
Lyons, New York 14489 • (315) 946-4871
www.lyonsbank.com



PROFILE

Lyons Bancorp, Inc. is a holding company headquartered in Lyons, New York, which had assets of \$392 million at March 31, 2008. 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 and LNB Life Agency, Inc.

STOCK SYMBOL

LYBC



BOARD OF DIRECTORS

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

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

Andrew F. Fredericksen, CPA
Senior Partner,
Fredericksen & Sirianni, 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 & Chief Executive Officer, Marshall Companies

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

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

Carol A. Snook
Corporate/Executive Secretary, The Lyons National Bank

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

DEAR SHAREHOLDERS & FRIENDS,

The resiliency of the US financial system was truly tested in the first quarter. Why? A perfect storm: worsening sub-prime mortgage credit crisis resulting in huge losses at many of the nation's largest banks and thrifts and the potential displacement of millions of homeowners as delinquencies and foreclosures soared; a liquidity crisis causing the demise of a long-standing investment bank and threatening many others; and the admission by many pundits that the odds are better than not that the US economy has slipped into a recession. Each blow itself was troublesome; together they could have overwhelmed the system. It would be premature to say that all is behind us. However, the actions taken by the Federal Reserve Bank have, at least temporarily, reduced some stress.

Operating in such a troubled financial environment proved challenging. However, we continued to capitalize on last year's earnings momentum, and as a result, our first quarter year-over-year earnings rose approximately 18%. On a per-share basis, we earned \$.85 in the first quarter of 2008 versus \$.72 for the same quarter last year. While we weren't intimately involved in the events mentioned above, like all other community banks, we weren't immune to them either. On a sequential quarters basis (first quarter of 2008 as compared to fourth quarter of 2007), our earnings increased approximately 1% - \$.85 per common share versus \$.84 in the final quarter of 2007.

Our year-over-year earnings were helped by growth of almost \$30 million of average earning assets; half of which were in loans, our highest yielding assets. This growth offsets a decline in our net interest margin of 22 basis points. The continued improvement in the credit quality of our loan portfolio and the change in mix of loans (continuing our strategy of balancing the loan portfolio evenly between commercial and consumer loans) afforded us the opportunity to make a smaller loan loss provision in the first quarter than we did last year. An additional \$50,000 of securities gains from our trading account was also a positive factor. Because we made more money, our tax liability increased.

The gain in our sequential quarter earnings was aided by an increase of \$9 million in average earnings assets. However, all of the net increase appeared in the Bank's investment portfolio. Loan growth is typically slowest in the first quarter of each year as companies unwind year-end tax strategy borrowings, and the weather causes many to hibernate. On the plus side, we saw an increase in loan demand in March. Trading account securities gains offset our planned loan loss provision we made in the quarter. A drop in service charges on deposit accounts and financial services fee income resulted in a decrease in non-interest income. Season factors are the main reason for the decline in service charges on deposit accounts. The decline in financial services fee income is related to the untimely loss of our valued Investment Services Officer in December. We hope to have her replacement on board shortly.

The downward trend of our non-performing loans (1.66% for the first quarter of 2007, 1.54% at the end of 2007, and 1.51% at March 31st) runs counter to that of our peer group. First quarter comparison numbers are not yet available, but the peer group's year-end percentage of non-performing loans to period-end loans was 1.03%. Their first quarter 2007 percentage was 0.63%. Moreover, included in our percentage are loans categorized as "Cash-Basis, Non-Accruing", a category many of our peers don't count. Without this category our March 31, 2008 percentage would be 0.73%.

Certainly, these are challenging times for the financial industry; and there seems to be little respite in sight. But as I said in the annual report, overcoming challenges is our job. I'm confident we will do our job!

Sincerely,



Robert A. Schick
President and Chief Executive Officer

LYONS BANCORP, INC. AND SUBSIDIARIES CONSOLIDATED FINANCIAL INFORMATION UNAUDITED

Condensed Income Statement:	As of and for the Three Months ended March 31,	
	2008	2007
Net interest income	\$ 3,173,970	\$ 2,991,434
Less: Provision for loan losses	60,000	150,000
Net interest income after provision for loan losses	\$ 3,113,970	\$ 2,841,434
Securities gains/(losses)	96,822	46,498
Noninterest income	870,653	841,356
Noninterest expense	3,122,424	2,905,575
Income before income taxes	\$ 959,021	\$ 823,713
Income taxes	235,000	209,124
Net income	\$ 724,021	\$ 614,589

Share and Per Share Data:	2008	2007
Average common shares outstanding (basic)	855,271	856,650
Average common shares outstanding (dilutive)	855,271	856,650
Period-end common shares outstanding (basic)	855,489	856,650
Period-end common shares outstanding (dilutive)	855,489	856,650
Net income per common share (basic)	\$ 0.85	\$ 0.72
Net income per common share (dilutive)	\$ 0.85	\$ 0.72
Cash dividend declared	\$ 0.28	\$ 0.265
Book value per common share (basic)	\$ 30.47	\$ 27.10
Book value per common share (dilutive)	\$ 30.47	\$ 27.10
Last stock trade	\$ 30.60	\$ 31.45

Period-end Balances:	2008	2007
Assets	\$ 391,657,267	\$ 362,630,876
Earning assets	\$ 360,873,839	\$ 332,847,344
Loans	\$ 219,708,426	\$ 201,576,728
Allowance for loan losses	\$ 3,857,116	\$ 4,028,496
Deposits	\$ 350,936,904	\$ 323,180,396
Shareholders' equity	\$ 26,066,415	\$ 23,213,118

Average Balances:	2008	2007
Assets	\$ 389,281,241	\$ 348,544,698
Earning assets	\$ 358,081,155	\$ 320,391,113
Loans	\$ 217,710,579	\$ 201,817,615
Allowance for loan losses	\$ 3,867,671	\$ 3,947,299
Deposits	\$ 349,055,766	\$ 310,392,777
Shareholders' equity	\$ 25,571,065	\$ 23,012,124

Key Ratios:	2008	2007
Earnings:		
Return on average assets	0.75%	0.72%
Return on average equity	11.39%	10.83%
Net interest margin	3.57%	3.79%
Efficiency ratio*	77.20%	75.81%
Asset Quality		
Net loan charge-offs to average loans	0.03%	0.01%
Allowance for loan losses to period-end loans	1.76%	2.00%
Nonperforming loans to period-end loans	1.51%	1.66%

* Calculated by dividing total noninterest expense by net interest income plus noninterest income.

LYONS BANCORP, INC. AND SUBSIDIARIES CONSOLIDATED FINANCIAL INFORMATION UNAUDITED

Condensed Income Statement:	As of and for the Three Months ended	
	March 31, 2008	December 31, 2007
Net interest income	\$ 3,173,970	\$ 3,118,125
Less: Provision for loan losses	60,000	0
Net interest income after provision for loan losses	\$ 3,113,970	\$ 3,118,125
Securities gains/(losses)	96,822	26,931
Noninterest income	870,653	959,483
Noninterest expense	3,122,424	3,183,984
Income before income taxes	\$ 959,021	\$ 920,555
Income taxes	235,000	203,552
Net income	\$ 724,021	\$ 717,003

Share and Per Share Data:	2008	2007
Average common shares outstanding (basic)	855,271	855,792
Average common shares outstanding (dilutive)	855,271	855,792
Period-end common shares outstanding (basic)	855,489	855,489
Period-end common shares outstanding (dilutive)	855,489	855,489
Net income per common share (basic)	\$ 0.85	\$ 0.84
Net income per common share (dilutive)	\$ 0.85	\$ 0.84
Cash dividend declared	\$ 0.28	\$ 0.28
Book value per common share (basic)	\$ 30.47	\$ 28.79
Book value per common share (dilutive)	\$ 30.47	\$ 28.79
Last stock trade	\$ 30.60	\$ 29.40

Period-end Balances:	2008	2007
Assets	\$ 391,657,267	\$ 383,436,976
Earning assets	\$ 360,873,839	\$ 351,525,850
Loans	\$ 219,708,426	\$ 217,834,276
Allowance for loan losses	\$ 3,857,116	\$ 3,860,924
Deposits	\$ 350,936,904	\$ 342,729,529
Shareholders' equity	\$ 26,066,415	\$ 24,625,267

Average Balances:	2008	2007
Assets	\$ 389,281,241	\$ 377,618,785
Earning assets	\$ 358,081,155	\$ 347,638,630
Loans	\$ 217,710,579	\$ 218,801,950
Allowance for loan losses	\$ 3,867,671	\$ 3,902,881
Deposits	\$ 349,055,766	\$ 338,649,476
Shareholders' equity	\$ 25,571,065	\$ 24,007,133

Key Ratios:	2008	2007
Earnings:		
Return on average assets	0.75%	0.75%
Return on average equity	11.39%	11.85%
Net interest margin	3.57%	3.52%
Efficiency ratio*	77.20%	78.08%
Asset Quality		
Net loan charge-offs to average loans	0.03%	0.04%
Allowance for loan losses to period-end loans	1.76%	1.77%
Nonperforming loans to period-end loans	1.51%	1.54%

* Calculated by dividing total noninterest expense by net interest income plus noninterest income.