

Consolidated Statement of Cash Flows

	(000's omitted, except per share data) Year Ended December 31		
	2007	2006	2005
Cash Flows from Operating Activities			
Net (loss) income	\$ (5,928)	\$ 3,213	\$ 4,420
Adjustments to reconcile net (loss) income to net cash from operating activities:			
Depreciation and amortization	653	609	563
Provision for possible loan losses	11,997	2,026	1,680
Accretion and amortization of securities	(111)	(408)	(557)
Loss-on-sale of investment securities	-	99	-
Deferred tax benefit	(1,903)	(347)	-
Net change in:			
Accrued interest receivable and other assets	(7,208)	(115)	(411)
Accrued taxes, interest, and other liabilities	(577)	201	666
Net cash (used in) provided by operating activities	(3,077)	5,278	6,361
Cash Flows from Investing Activities			
Purchases of Federal Home Loan Bank stock	-	-	(26)
Redemption of Federal Home Loan Bank stock	-	152	-
Activity in available-for-sale securities:			
Sales	-	14,129	-
Maturities, prepayments, and calls	47,552	11,447	42,837
Purchases	(13,082)	(14,174)	(35,829)
Activity in held-to-maturity securities:			
Maturities, prepayments, and calls	1,285	3,502	1,261
Purchases	(1,768)	-	(3,800)
Net decrease (increase) in loans	45,579	6,291	(52,952)
Capital expenditures - Net	(176)	(511)	(1,941)
Net cash provided by (used in) investing activities	79,390	20,836	(50,450)
Cash Flows from Financing Activities			
Net (decrease) increase in demand deposits, NOW accounts, and savings accounts	(37,692)	32,645	8,882
Net (decrease) increase in time deposits	(1,681)	(40,605)	505
Net (decrease) increase in short-term borrowings	(640)	(15,600)	10,804
Redemption of common stock	(5,768)	-	(18)
Dividends paid	(1,030)	(1,459)	(1,433)
Net cash (used in) provided by financing activities	(46,811)	(25,019)	18,740
Net Increase (Decrease) in Cash and Cash Equivalents	29,502	1,095	(25,349)
Cash and Cash Equivalents - Beginning of year	33,299	32,204	57,553
Cash and Cash Equivalents - End of year	\$ 62,801	\$ 33,299	\$ 32,204
Supplemental Cash Flow Information - Cash paid for			
Interest	\$ 14,989	\$ 13,820	\$ 10,438
Income taxes	160	2,306	1,495

See Notes to Consolidated Financial Statements

