

## Consolidated Statement of Cash Flows

(000's omitted, except per share data)

Year Ended December 31

### Cash Flows from Operating Activities

	2008	2007	2006
Net (loss) income	\$ (20,213)	\$ (5,928)	\$ 3,213
Adjustments to reconcile net (loss) income to net cash from operating activities:			
Depreciation and amortization	562	653	609
Provision for possible loan losses	17,300	11,997	2,026
Accretion and amortization of securities	(122)	(111)	(408)
Loss on sale of investment securities	71	-	99
Deferred tax benefit	(5,043)	(1,903)	(347)
Deferred tax asset valuation allowance	8,296	-	-
Net change in:			
Accrued interest receivable and other assets	418	(7,208)	(115)
Accrued taxes, interest, and other liabilities	(730)	(577)	201
<b>Net cash provided by (used in) operating activities</b>	<b>539</b>	<b>(3,077)</b>	<b>5,278</b>

### Cash Flows from Investing Activities

Redemption of Federal Home Loan Bank stock	-	-	152
Activity in available-for-sale securities:			
Sales	618	-	14,129
Maturities, prepayments, and calls	12,560	47,552	11,447
Purchases	(20,480)	(13,082)	(14,174)
Activity in held-to-maturity securities:			
Maturities, prepayments, and calls	4,807	1,285	3,502
Purchases	-	(1,768)	-
Net decrease in loans	40,163	45,579	6,291
Capital expenditures - Net	(221)	(176)	(511)
<b>Net cash provided by investing activities</b>	<b>37,447</b>	<b>79,390</b>	<b>20,836</b>

### Cash Flows from Financing Activities

Net (decrease) increase in demand deposits, NOW accounts, and savings accounts	(75,383)	(37,692)	32,645
Net decrease in time deposits	(4,466)	(1,681)	(40,605)
Net increase (decrease) in short-term borrowings	577	(640)	(15,600)
Redemption of common stock	-	(5,768)	-
Dividends paid	-	(1,030)	(1,459)
<b>Net cash used in financing activities</b>	<b>(79,272)</b>	<b>(46,811)</b>	<b>(25,019)</b>
Net (Decrease) Increase in Cash and Cash Equivalents	(41,286)	29,502	1,095
<b>Cash and Cash Equivalents - Beginning of year</b>	<b>62,801</b>	<b>33,299</b>	<b>32,204</b>
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 21,515</b>	<b>\$ 62,801</b>	<b>\$ 33,299</b>

### Supplemental Cash Flow Information - Cash paid for

Interest	\$ 9,833	\$ 14,989	\$ 13,820
Income taxes	-	160	2,306

See Notes to Consolidated Financial Statements

