

Condensed Statements of Cash Flows

	Years Ended December 31, (Dollars in Thousands)		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Operating Activities			
Net income	\$ 13,101	\$ 12,010	\$ 10,355
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	614	476	685
Amortization of unearned compensation	262	363	444
(Undistributed earnings of subsidiaries) distributions in excess of earnings	(4,086)	2,744	(9,678)
(Increase) decrease in interest receivable	4	5	(9)
Decrease in interest payable	-	-	(58)
Increase (decrease) in taxes payable	(370)	(564)	4
Provision for deferred taxes	318	80	(27)
(Increase) decrease in due from subsidiaries	234	(178)	301
Other operating activities	113	(709)	624
Total adjustments	<u>(2,911)</u>	<u>2,217</u>	<u>(7,714)</u>
Net cash provided by operating activities	<u>10,190</u>	<u>14,227</u>	<u>2,641</u>
Investing Activities			
(Increase) decrease in interest-bearing deposits in banks	13,029	(2,642)	(11,376)
Purchases of premises and equipment	(725)	(1,121)	(369)
Contribution of capital to subsidiary bank	-	(1,050)	-
Net cash paid for acquisition	<u>(11,094)</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>1,210</u>	<u>(4,813)</u>	<u>(11,745)</u>
Financing Activities			
Repayment of other borrowings	(1,462)	(6,462)	(1,463)
Purchase of treasury shares	(361)	(170)	(3,469)
Dividends paid	(5,475)	(4,885)	(4,749)
Reduction in income taxes payable resulting from vesting of restricted shares	234	106	-
Proceeds from exercise of stock options	<u>320</u>	<u>9</u>	<u>133</u>
Net cash used in financing activities	<u>(6,744)</u>	<u>(11,402)</u>	<u>(9,548)</u>
 Net increase (decrease) in cash and due from banks	 4,656	 (1,988)	 (18,652)
Cash at beginning of year	<u>1,547</u>	<u>3,535</u>	<u>22,187</u>
Cash at end of year	<u>\$ 6,203</u>	<u>\$ 1,547</u>	<u>\$ 3,535</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the year for interest	<u>\$ 3,242</u>	<u>\$ 3,335</u>	<u>\$ 3,484</u>