

(13) Regulatory Capital Requirements

Current regulatory capital regulations require financial institutions (including banks and bank holding companies) to meet certain regulatory capital requirements. Institutions are required to have minimum leverage capital equal to 4% of total average assets and total qualifying capital equal to 8% of total risk-weighted assets in order to be considered “adequately capitalized.” As of December 31, 2012 and 2011, the Company and the Bank were rated “well capitalized,” which is the highest rating available under the regulatory capital regulations framework for prompt corrective action. Management believes that as of December 31, 2012, the Company and the Bank met all capital adequacy requirements to which they were subject. The following is a comparison of the Company’s regulatory capital to minimum capital requirements at December 31, 2012 and 2011:

<i>(Dollars in thousands)</i>			For capital		To be well-capitalized	
	Actual		adequacy purposes		under prompt	
	Amount	Ratio	Amount	Ratio	corrective	action provisions
					Amount	Ratio
<u>As of December 31, 2012</u>						
Leverage	\$ 61,839	10.09%	\$ 24,504	4.0%	\$ 30,631	5.0%
Tier 1 Capital	\$ 61,839	16.39%	\$ 15,092	4.0%	\$ 22,638	6.0%
Total Risk Based Capital	\$ 67,273	17.83%	\$ 30,184	8.0%	\$ 37,731	10.0%
<u>As of December 31, 2011</u>						
Leverage	\$ 56,273	9.84%	\$ 22,871	4.0%	\$ 28,589	5.0%
Tier 1 Capital	\$ 56,273	15.02%	\$ 14,984	4.0%	\$ 22,476	6.0%
Total Risk Based Capital	\$ 63,085	16.84%	\$ 29,968	8.0%	\$ 37,460	10.0%

The following is a comparison of the Bank’s regulatory capital to minimum capital requirements at December 31, 2012 and 2011:

<i>(Dollars in thousands)</i>			For capital		To be well-capitalized	
	Actual		adequacy purposes		under prompt	
	Amount	Ratio	Amount	Ratio	corrective	action provisions
					Amount	Ratio
<u>As of December 31, 2012</u>						
Leverage	\$ 60,463	9.90%	\$ 24,433	4.0%	\$ 30,541	5.0%
Tier 1 Capital	\$ 60,463	16.09%	\$ 15,029	4.0%	\$ 22,543	6.0%
Total Risk Based Capital	\$ 65,124	17.33%	\$ 30,057	8.0%	\$ 37,571	10.0%
<u>As of December 31, 2011</u>						
Leverage	\$ 58,692	10.29%	\$ 22,808	4.0%	\$ 28,510	5.0%
Tier 1 Capital	\$ 58,692	15.73%	\$ 14,923	4.0%	\$ 22,384	6.0%
Total Risk Based Capital	\$ 63,325	16.97%	\$ 29,846	8.0%	\$ 37,307	10.0%