

COOPERATIVE BANKSHARES INC

Form 10-K

May 01, 2009

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2008

OR

**TRANSITIONAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the Transition Period from            to

Commission File Number: 0-24626

**COOPERATIVE BANKSHARES, INC.**

(Exact Name of Registrant as Specified in Its Charter)

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<b>North Carolina</b> (State or Other Jurisdiction of Incorporation or Organization)	<b>56-1886527</b> (I.R.S. Employer Identification No.)
<b>201 Market Street, Wilmington, North Carolina</b> (Address of Principal Executive Offices)	<b>28401</b> (Zip Code)
<b>Registrant's telephone number, including area code: (910) 343-0181</b>	

**Securities registered pursuant to Section 12(b) of the Act:**

**Common Stock, par value \$1.00 per share**

(Title of Class)

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. YES  NO

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer  (Do not check if a smaller reporting company)

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

The aggregate market value of the voting stock held by nonaffiliates of the registrant was approximately \$34,734,262 based on the closing sales price of the Common Stock as listed on the NASDAQ Global Market as of the last day of the registrant's most recently completed second fiscal quarter. For purposes of this calculation, directors, executive officers and beneficial owners of more than 10% of the registrant's outstanding voting stock are treated as affiliates.

As of March 26, 2009, there were issued and outstanding 6,589,256 shares of the registrant's Common Stock.

### DOCUMENTS INCORPORATED BY REFERENCE

None.

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**Note Regarding Forward-Looking Statements**

This document, as well as other written communications made from time to time by Cooperative Bankshares, Inc. and subsidiaries and oral communications made from time to time by authorized officers of the Company, may contain statements relating to the future results of the Company (including certain projections, such as earnings projections, necessary tax provisions, and business trends) that are considered forward looking statements as defined in the Private Securities Litigation Reform Act of 1995 (the PSLRA ). Such forward-looking statements may be identified by the use of such words as intend, believe, expect, should, planned, estimated, and potential. For these statements, the Company claims the protection of the safe harbor for forward-looking statements contained in the PSLRA. The Company's ability to predict future results is inherently uncertain and the Company cautions you that a number of important factors could cause actual results to differ materially from those currently anticipated in any forward-looking statement. These factors include but are not limited to:

recent and future bail out actions by the government

a further slowdown in the national and North Carolina economies

a further deterioration in asset values locally and nationwide

volatility of rate sensitive deposits

changes in the regulatory environment

governmental action as a result of our inability to comply with regulatory orders and agreements

increasing competitive pressure in the banking industry

operational risks including data processing system failures or fraud

asset/liability matching risks and liquidity risks

continued access to liquidity sources

changes in the securities markets

changes in our borrowers' performance on loans

changes in critical accounting policies and judgments

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changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies

changes in the equity and debt securities markets

effect of additional provision for loan losses

fluctuations of our stock price

success and timing of our business strategies

impact of reputation risk created by these developments on such matters as business generation and retention, funding and liquidity

changes in our ability to receive dividends from our subsidiaries

political developments, wars or other hostilities may disrupt or increase volatility in securities or otherwise affect economic conditions.

The consequences of these factors, any of which could hurt our business, could include, among others:

increased loan delinquencies

an escalation in problem assets and foreclosures

a decline in demand for our products and services

a reduction in the value of the collateral for loans made by us, especially real estate, which, in turn would likely reduce our customers borrowing power and the value of assets and collateral associated with our existing loans

a reduction in the value of certain assets held by us

an inability to meet our liquidity needs

an inability to raise capital to comply with the requirements of our regulators and for continued support of operations

an inability to defer payments on our trust preferred securities

an inability to engage in certain lines of business

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Additional factors that may affect our results are discussed under Item 1A. Risk Factors in the Company's Quarterly Reports on Form 10-Q and under Item 1A. Risk Factors in this Annual Report on Form 10-K, each filed with the Securities and Exchange Commission, which are available at the Securities and Exchange Commission's

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Internet website ([www.sec.gov](http://www.sec.gov)) and to which reference is hereby made. These factors should be considered in evaluating the forward-looking statements. Stockholders are cautioned not to place undue reliance on such statements, which speak only as of the date of those documents. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements above. Except to the extent required by applicable law or regulation, the Company does not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made.

## **PART I**

### **Item 1. Business**

#### **General**

**Bankshares:** Cooperative Bankshares, Inc. ( Bankshares ), a registered bank holding company, was incorporated in North Carolina in 1994. Bankshares serves as the holding company for Cooperative Bank ( Cooperative or the Bank ), a North Carolina chartered commercial bank. Bankshares' primary activities consist of holding the stock of Cooperative Bank and operating the business of the Bank and its subsidiaries. Accordingly, the information set forth in this report, including financial statements and related data, relates primarily to Cooperative Bank and its subsidiaries.

Bankshares formed Cooperative Bankshares Capital Trust I ( Capital Trust I ), which is wholly owned by Bankshares, on August 30, 2005 to facilitate the issuance of trust preferred securities totaling \$15.0 million. Capital Trust I is not consolidated in these financial statements in accordance with Financial Accounting Standards Board ( FASB ) Interpretation No. ( FIN ) 46, Consolidation of Variable Interest Entities. The junior subordinated debentures issued by Bankshares to Capital Trust I are included in long-term obligations and Bankshares' equity interest in Capital Trust I is included in other assets.

**Cooperative Bank:** Chartered in 1898, the Bank's headquarters are located in Wilmington, North Carolina. Cooperative operates twenty two offices in North Carolina and three offices in South Carolina. The offices in North Carolina extend from Kill Devil Hills, located on the Outer Banks of North Carolina, to Myrtle Beach, South Carolina. The Bank's deposit accounts are insured up to applicable limits by the Deposit Insurance Fund of the Federal Deposit Insurance Corporation ( FDIC ). Effective December 31, 2002, the Bank converted its charter from that of a state savings bank to a state commercial bank. At December 31, 2008, Bankshares had total assets of \$951.0 million, deposits of \$695.6 million, and stockholders' equity of \$19.6 million.

Through its offices, the Bank provides a wide range of banking products, including interest-bearing and noninterest-bearing checking accounts, certificates of deposit, savings accounts, and individual retirement accounts. It offers an array of loan products such as overdraft protection, commercial, consumer, agricultural, real estate, residential mortgage, and home equity loans. Loan production has been significantly reduced due to limitations on asset growth and being categorized as significantly undercapitalized as described in Capital Resources in Management's Discussion and Analysis and Note 7 of Notes to Consolidated Financial Statements. Also offered are safe deposit boxes and automated banking services through Online Banking, Online Bill Pay, ATMs, and Access24 Phone Banking. In addition, the Bank's third party partnership with Seagate Wealth Management Group through UVEST Investment Services gives clients access to a wide array of financial and wealth management solutions, including services such as professional money management, retirement and education planning, and investment products (including stocks, bonds, mutual funds, annuities, and insurance products).

The Bank has chosen to sell a large percentage of its fixed-rate mortgage loan originations in the secondary market and through brokered arrangements. This enables the Bank to improve liquidity, while increasing fee income and reducing interest rate risk.

On May 31, 2002, the Bank, through its subsidiary, CS&L Services, Inc., acquired the operating assets of Lumina Mortgage Company ( Lumina ), a Wilmington, North Carolina-based mortgage banking firm. In October 2002, CS&L Services, Inc. was renamed Lumina Mortgage Company, Inc. Lumina has four offices in North Carolina.

In December 2002, the Bank formed two new subsidiaries, CS&L Holdings, Inc. ( Holdings ), a Virginia corporation, and CS&L Real Estate Trust, Inc. (the REIT ), a North Carolina corporation which elected to be taxed as a real estate investment trust. Holdings was formed to hold all of the outstanding shares of common stock of the REIT. The REIT was formed to enhance the liquidity and facilitate the future capital needs of the Bank. Holdings and the REIT were liquidated effective June 30, 2006, with all of their assets and liabilities transferring to the Bank.





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On July 2, 2007, the Company completed the acquisition of Bank of Jefferson, a South Carolina chartered bank that operated one office in Jefferson, South Carolina. Bank of Jefferson was merged with Cooperative Bank effective at the close of business on August 31, 2007.

Bankshares, the Bank, and the Bank's subsidiaries are collectively referred to herein as the Company.

The common stock of Cooperative Bankshares, Inc. is traded on the NASDAQ Global Market under the symbol COOP.

## **Regulatory Actions**

As previously disclosed in a Current Report on Form 8-K dated March 18, 2009, we entered into a stipulation and consent to the issuance of a March 12, 2009 order to cease and desist (the Consent Agreement) with the Federal Deposit Insurance Corporation (the FDIC) and the North Carolina Commissioner of Banks (the Commissioner), whereby the Bank consented to the issuance of an Order to Cease and Desist (the Order) promulgated by the FDIC and the Commissioner without admitting or denying the alleged charges.

The Order is a formal corrective action pursuant to which the Bank has agreed to address specific areas through the adoption and implementation of procedures, plans, and policies designed to enhance the safety and soundness of our Bank. These affirmative actions include directives relating to management assessments, increased Board participation, implementation of plans to address capital, disposition of assets, allowance for loan losses, reduction in the level of classified and delinquent loans, loan portfolio diversification, profitability, strategic planning, liquidity and funds management, and a reduction in the level of brokered deposits. In addition, the Bank is required to maintain specified capital levels, notify the FDIC and the Commissioner of director and management changes, and obtain prior approval of dividend payments. The Order specifies certain timeframes for meeting these requirements, and our bank must furnish periodic progress reports to the FDIC and Commissioner of Banks regarding its compliance. The Order will remain in effect until modified or terminated by the FDIC and the Commissioner. The descriptions of the Order and the Consent Agreement are qualified in their entirety by reference to the Order and the Consent Agreement, copies of which were filed as Exhibits to the Company's March 18, 2009 Current Report on Form 8-K.

Effective April 29, 2009, the Company also entered into a written agreement (the Reserve Bank Agreement) with the Federal Reserve Bank of Richmond (the Reserve Bank). The Reserve Bank Agreement is designed to enhance the Company's ability to act as a source of strength to the Bank and requires, among other things, that the Company obtain the Reserve Bank's approval prior to: (i) paying dividends, (ii) receiving dividends from the Bank, (iii) making any distributions of interest, principal or other sums on subordinated debentures or trust preferred securities, (iv) incurring or increasing any debt or (v) purchasing or redeeming any shares of Bankshares' stock. Pursuant to the terms of the Reserve Bank Agreement, the Company is also required, within 60 days of the date of the Reserve Bank Agreement, to submit to the Reserve Bank an acceptable written plan to maintain sufficient capital at the Company on a consolidated basis, and at the Bank, as a separate legal entity on a stand-alone basis. In addition, the Reserve Bank Agreement also provides that the Company must notify the Reserve Bank before appointing any new directors or senior executive officers and comply with certain restrictions regarding indemnification and severance payments.

The Company must furnish periodic progress reports to the Reserve Bank regarding its compliance with the Reserve Bank Agreement. The Reserve Bank Agreement will remain in effect until modified or terminated by the Reserve Bank.

None of the timeframes under the Order, the Consent Agreement, or the Reserve Bank Agreement have lapsed and therefore we are in the process of responding to the provisions of both documents. In order to achieve compliance with the Order, we will need to either raise capital, sell assets to deleverage, or both. As previously reported, the Company is undertaking certain actions designed to improve its capital position and has engaged an investment banker and financial advisors to assist with this effort and to evaluate the Company's strategic options, including a possible sale or merger of the Company. As of the date of the filing of

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this Annual Report on Form 10-K, the Company believes that it needs to raise a minimum of approximately \$33.0 million of additional capital, assuming no change in risk-weighted assets or its capital position, in order to be capitalized at the levels required by the Order. Our ability to accomplish these goals is significantly constricted by the current economic environment, which has greatly limited access to capital markets. To date, we have neither raised any additional capital nor agreed to a sale and no assurances can be made as to when or whether such capital will be raised or potential acquiror will be identified.

### **Going Concern Consideration**

Due to the conditions and events discussed throughout this Annual Report on Form 10-K, we believe substantial doubt exists as to our ability to continue as a going concern. Management is taking various steps designed to improve the Bank's capital position. The Bank has developed a written alternative capital plan designed to solicit capital investments and, if necessary, reduce the Bank's asset size and expenses. However, such plan is still dependent upon a capital infusion to meet the capital requirements of the Order. As a result, the Company continues to work with its advisors in an attempt to raise capital ratios through sale of assets or a capital raise. As of the date of the filing of this Annual Report on Form 10-K, the Company has not entered into a definitive agreement regarding the raising of additional capital or a potential sale of the Company and no assurances can be made that the Company will ultimately enter into such an agreement.

The Order requires us to increase our capital ratios so that the Bank has a minimum Tier 1 Core Capital ratio of 6% and a minimum Total Risk-Based Capital ratio of 10% within 120 days of the date of the Order. If we do not obtain additional capital, we do not expect to meet the ratios set forth in the Order. Failure to meet the minimum ratios set forth in the Order could result in our regulators taking additional enforcement actions regarding the Bank. In addition, even if we are successful in meeting the capital ratios mandated in the Order, we cannot assure you that we will not need to raise additional capital in the future. Additionally, because of the Company's cumulative losses and its liquidity and capital positions, the FDIC and the Commissioner may take additional significant regulatory action against the Bank that could, among other things, materially adversely impact the Company's stockholders.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future, and does not include any adjustments to reflect the possible future effects on the recoverability and classification of assets, or the amounts and classification of liabilities that may result from the outcome of any extraordinary regulatory action, which would affect our ability to continue as a going concern.

### **Market Area**

The Company considers its primary market area to be the coastal and inland communities of Eastern North and South Carolina. The economies of the coastal communities (concentrated in Dare, Carteret, Currituck, Onslow, Pender, New Hanover, and Brunswick Counties of North Carolina and Horry County, South Carolina) are seasonal and largely dependent on the summer tourism industry. The economy of Wilmington, North Carolina (the largest city in the market area), a historic seaport with a population of approximately 100,000, is also reliant upon summer tourism, but is diversified into the chemicals, shipping, pharmaceutical, aircraft engines, and fiber optics industries. Wilmington also serves as a regional retail center and a regional medical center and is home of the University of North Carolina at Wilmington. The inland communities served by the Bank (concentrated in Bladen, Brunswick, Columbus, Duplin, Hyde, Beaufort, and Pender Counties of North Carolina and Chesterfield County, South Carolina) are largely service areas for the agricultural activities in North and South Carolina. The national economic slowdown has impacted our local economy as well, evidenced by rising unemployment, declining real estate values, a decrease in the annual compound growth rate, and a rise in regional foreclosures, among other things. In addition, we expect the economic downturn to negatively affect beach tourism and vacation rental rates and prices. The economic downturn has resulted in an increase in payment delinquencies, foreclosures, provision for loan losses, and loss on other real estate owned at the Bank.

### **Competition**

The Bank encounters strong competition both in the attraction of deposits and in the making of real estate and other loans. The Bank's most direct competition for deposits has historically come from financial institutions in its market area, although competition for deposits is also realized from brokerage firms and credit unions. The Bank competes for deposits by offering depositors competitive rates, a high level of personal service, a wide range of banking products, and convenient office locations.

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Competition for real estate and other loans comes principally from financial institutions and mortgage companies. The Bank and Lumina compete for loans primarily through the interest rates they offer and loan fees they charge, combined with the efficiency and quality of services they provide borrowers. Factors which affect competition include general and local economic conditions, current interest rate levels, and volatility in the mortgage markets.

### Employees

At December 31, 2008, the Bank had 200 full-time employees and 12 part-time employees and Lumina had 23 full-time employees and 3 part-time employees. None of the Bank's or Lumina's employees are represented by a collective bargaining unit. Both the Bank and Lumina believe their relationship with the employees is good.

### Executive Officers

The executive officers of the Company who are not also directors are set forth in the following table. At December 31, 2008, Frederick Willetts, III served as President and Chief Executive Officer of Bankshares and the Bank. However, Mr. Willetts retired as President and Chief Executive Officer of Bankshares and the Bank effective February 3, 2009. Mr. Willetts continues to serve as Chairman of the Board of Bankshares and the Bank. Effective February 3, 2009, the Boards of Directors of Bankshares and the Bank appointed Todd L. Sammons, Executive Vice President and Chief Financial Officer, as Interim President and Chief Executive Officer of Bankshares and the Bank. Mr. Sammons has continued to serve as Chief Financial Officer of Bankshares and the Bank during his term as Interim President and Chief Executive Officer.

Name	Age at December 31, 2008	Position
O. C. Burrell, Jr.	60	Senior Executive Vice President and Chief Operating Officer
Todd L. Sammons, CPA	47	Chief Financial Officer and Interim President and Chief Executive Officer
Dickson B. Bridger	49	Executive Vice President-Mortgage Lending
Craig L. Unwin	59	Senior Vice President and Chief Credit Officer

**O. C. Burrell, Jr.** was employed by the Bank in May 1993 as Senior Vice President of Retail Banking. Mr. Burrell was elected Executive Vice President and Chief Operating Officer in 1997. In 2008 he was elected to Senior Executive Vice President and Chief Operating Officer. Mr. Burrell has been in the banking industry since 1970 and has served in leadership capacities in various civic and professional organizations. He is a member of the Wilmington Rotary Club, Wilmington Executive's Club, and serves as a director of the Child Development Center.

**Todd L. Sammons** was employed by the Bank in March 1986 as Auditor. He was promoted to Senior Vice President and Chief Financial Officer in December 2000. In 2008 he was elected to Executive Vice President and Chief Financial Officer. In February 2009 he was appointed as Chief Financial Officer and Interim President and Chief Executive Officer. He previously worked with a public accounting firm as a Certified Public Accountant (CPA). He was named the 2006 Cameron School of Business Alumni of the Year. He has served in leadership capacities in various professional, church, and civic organizations.

**Dickson B. Bridger** was employed by the Bank in March 1984 as a mortgage loan originator. He was promoted to Vice President in February 1990 and Senior Vice President-Mortgage Lending in December 2000. In 2008 he was elected Executive Vice President. He is a member of Wilmington West Rotary and serves as an Elder of the Little Chapel on the Boardwalk Church in Wrightsville Beach, North Carolina.

**Craig L. Unwin** has served as the Bank's Vice President of Credit Administration since 2004 and was promoted to Senior Vice President and Chief Credit Officer of the Bank in 2008. Before joining the Bank, Mr. Unwin served as Senior Credit Officer, Southeastern Region, for First Citizens Bank & Trust, Wilmington, North Carolina, from 2004 to 2006. Prior to that, Mr. Unwin was a Senior Commercial Lender at BB&T Bank in Wilmington, North Carolina.

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### **Available Information**

The Company maintains an Internet website at [www.coop-bank.com](http://www.coop-bank.com) on which we make available our Annual Reports on Form 10-K in PDF and HTML format. Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended, and other information related to us, are linked from this site free of charge, as soon as reasonably practicable after we electronically file those documents with, or otherwise furnish them to, the Securities and Exchange Commission (the "SEC"). Our Internet website and the information contained therein or connected thereto is not intended to be incorporated into this Annual Report on Form 10-K.

### **Lending Activities**

**General:** The Bank's lending activities are concentrated on the origination of loans for the purpose of constructing, financing, or refinancing residential properties. As of December 31, 2008, approximately \$706.4 million, or 80.9%, of the Bank's loan portfolio, which excludes loans held for sale, consisted of loans secured by residential properties. In recent years, however, the Bank has also emphasized the origination of equity lines of credit and secured and unsecured consumer loans. During the last quarter of 2008, the Bank began to emphasize the origination of 1-4 family residential loans that could be sold in the secondary market. Unless otherwise stated, the Bank has generally halted or slowed the origination of loans held for investment beginning in the last quarter of 2008. Currently, the origination of new loans is typically limited to the refinancing of an existing loan held by the Bank or situations that improve the position of the Bank. The Bank originates adjustable-rate and fixed-rate loans. As of December 31, 2008, adjustable-rate and fixed-rate loans totaled approximately 65.4% and 34.6%, respectively, of the Bank's total loan portfolio.

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**Analysis of Loan Portfolio:** Set forth below is selected data relating to the composition of the Bank's loan portfolio by type of loan and type of collateral on the dates indicated. Other than as set forth below, there were no concentrations of loans which exceeded 10% of total loans at December 31, 2008.

	2008		2007		2006		2005		2004	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Real estate:</b>										
Construction and land development	\$ 154,520	18.51%	\$ 222,207	27.39%	\$ 165,827	22.00%	\$ 128,943	20.24%	\$ 63,938	14.23%
<b>Mortgage:</b>										
1-4 family residential	502,827	60.22	398,837	49.16	365,789	48.54	296,403	46.54	227,474	50.62
Multi-family residential	34,149	4.09	15,930	1.96	16,028	2.13	21,998	3.45	14,534	3.23
Commercial	124,726	14.94	122,744	15.12	161,015	21.36	148,709	23.35	108,626	24.17
Equity line	31,560	3.78	29,902	3.69	26,534	3.52	23,785	3.73	18,440	4.10
Other	805	0.10	713	0.09	366	0.05	355	0.06	442	0.10
<b>Total real estate loans</b>	<b>848,587</b>	<b>101.64</b>	<b>790,333</b>	<b>97.41</b>	<b>735,559</b>	<b>97.60</b>	<b>620,193</b>	<b>97.37</b>	<b>433,454</b>	<b>96.45</b>
Commercial, industrial and agricultural	16,217	1.94	21,892	2.70	19,990	2.65	18,237	2.86	15,164	3.37
Consumer	8,279	0.99	9,870	1.22	8,048	1.07	7,355	1.15	6,816	1.52
<b>Total gross loans</b>	<b>873,083</b>	<b>104.57</b>	<b>822,095</b>	<b>101.33</b>	<b>763,597</b>	<b>101.32</b>	<b>645,785</b>	<b>101.38</b>	<b>455,434</b>	<b>101.34</b>
<b>Less:</b>										
Unearned discounts and net deferred fee	1,887	0.23	1,991	0.25	2,199	0.29	2,058	0.32	1,664	0.37
Allowance for loan losses	36,262	4.34	8,788	1.08	7,786	1.03	6,763	1.06	4,353	0.97
<b>Net loans</b>	<b>\$ 834,934</b>	<b>100.00%</b>	<b>\$ 811,316</b>	<b>100.00%</b>	<b>\$ 753,612</b>	<b>100.00%</b>	<b>\$ 636,964</b>	<b>100.00%</b>	<b>\$ 449,417</b>	<b>100.00%</b>

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The following table sets forth, as of December 31, 2008, certain information regarding the dollar amount of loans maturing in the Bank's loan portfolio based on their contractual terms to maturity.

	Within One Year	One to Five Years	After Five Years	Total
	(In thousands)			
Real Estate:				