



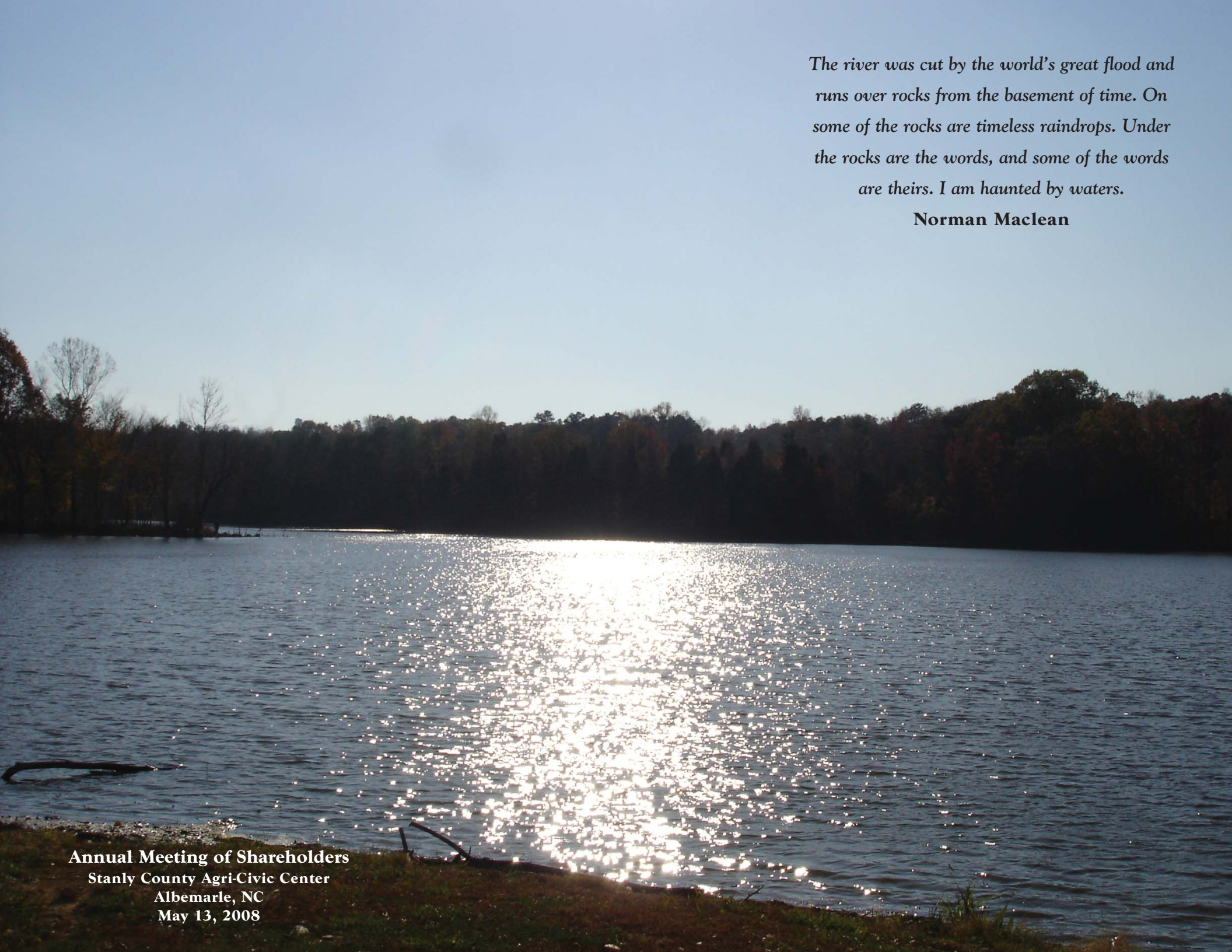
*Making a Difference*

Uwharrie Capital Corp

Summary Annual Report 2007

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*The river was cut by the world's great flood and  
runs over rocks from the basement of time. On  
some of the rocks are timeless raindrops. Under  
the rocks are the words, and some of the words  
are theirs. I am haunted by waters.*

**Norman Maclean**

**Annual Meeting of Shareholders**  
Stanly County Agri-Civic Center  
Albemarle, NC  
May 13, 2008

# Message To Our Shareholders



*Roger L. Dick  
President and Chief Executive Officer  
Uwharrie Capital Corp*

By almost every measure, Uwharrie Capital Corp and its subsidiaries had another outstanding year in 2007. The dedication of our Boards of Directors and associates, the support of the communities which we serve and our commitment to providing long-term value to our shareholders allowed us to

overcome the adverse effects of extreme turbulence in the financial services sector. We are pleased to report another year of increased earnings and profitability, particularly given the challenges our industry faced in 2007 including continued pressure from the interest rate environment, the nationwide lending crisis and another year of volatility in the stock market.

While we are not in business solely to set records, 2007 generated the best earnings in our Company's history of \$2.96 million. We maintain our earnings through asset quality improvement, good growth in core deposits and continued expansion of our fee-based businesses.

In the counties we serve, we continue to grow in market share. Total assets increased to \$412 million while deposits grew to \$325 million. We reached a significant milestone with total loans outstanding at year end 2007 of \$322 million; therefore, experiencing a notable year in loan volume. Our persistence in pursuing a fee income strategy contributed significantly to revenue and our return on equity increased to 9.73%. We believe this growth is a result of the community focus of our people, who live and work here. We are connected to the community and to meeting customer needs with the best products and services.



We are in a time of immense change where the combination of globalization and large corporations have altered our economic landscape. Our goal, to balance the short-term pursuit of profits with a long-term objective of creating a quality of life our descendants can be proud of, is more challenging than ever. As our communities continue to transition, we work to promote a new economy that capitalizes on our traditional values and natural resources. Uwharrie Capital Corp's overriding mission remains to enhance the well-being of the communities we serve.

To support and cultivate the strong economic development of our communities, we continue to work with business leaders and entrepreneurs who are working hard to create jobs and improve the quality of life for their families and communities. We continue to provide capital for the purchase of new homes, loans to growing businesses, expertise for management of retirement money ... all from local dollars deposited with our Company and put to work here at home. These activities create wealth for our shareholders, customers and the community-at-large ... new wealth in the form of corporate profits, appreciating assets, new jobs and higher household incomes.

Combine this with our clean environment and natural resources and you have a quality of life second to none and improving as we fulfill our mission. Such is the founding philosophy of your Company. You can be proud to be among those who have made it possible.

Consistent with our Community Banking philosophy, we continued to

focus on customer service in 2007. This personal attention, combined with the scope of products and services, is important to our customers. Both individuals and businesses look to us for the latest products and technology. Our customers also appreciate the quick decisions they have come to expect from their Community Bank.

Local decision-making, a strong commitment to relationship banking and the delivery of world-class products and services are fundamental to our Community Banking approach. This enables our relationship managers to provide financial solutions that are flexible, innovative and timely for our customers.

Together our Company and our associates are *making a difference* in our communities. We are deeply committed to the communities we serve and meeting the needs of all of our stakeholders: our customers, directors, associates, shareholders and neighbors. We have made excellent progress toward our goal of long-term value creation for all of our constituencies.

To all our shareholders, we thank you for your confidence and support.

Sincerely,

UWHARRIE CAPITAL CORP



Roger L. Dick  
President and Chief Executive Officer







## UWHARRIE CAPITAL CORP BOARD OF DIRECTORS



Standing, left to right:

JOHN W. SHEALY, JR.  
President  
Capital Concrete Co.

DOUGLAS L. STAFFORD  
Principal  
Griffin Stafford, LLC

HENRY E. FARMER, SR.  
President & Owner  
Henry E. Farmer, Inc.

JOE S. BROOKS  
Owner & Manager  
Brothers Precision Tool Company

MICHAEL E. SNYDER, SR.  
- Chairman  
Vice President  
EJS & Sons, LLC

B. FRANKLIN LEE  
Owner & Manager  
Franklin Lee Farm

JAMES E. NANCE  
President  
Confederate Motors, Inc.

EMMETT S. PATTERSON  
Retired - General Manager &  
Executive Vice President  
Pee Dee Electric Membership  
Corporation

THOMAS M. HEARNE, JR.  
Geopavement Engineer  
North Carolina Department  
of Transportation

Seated, left to right:

JOHN P. MURRAY, M.D.  
- Vice Chairman  
Retired - Physician & Owner  
Albemarle Ear, Nose & Throat

JOSEPH R. KLUTTZ, JR.  
President  
Albemarle Insurance Agency, Inc.

W. CHESTER LOWDER  
Director of Livestock Program,  
Public Policy Division  
North Carolina Farm Bureau  
Federation, Inc.

TIMOTHY J. PROPST  
Executive Vice President  
Propst Construction Company, Inc.

Not pictured:

CHARLES F. "TAD"  
GESCHICKTER, III  
President & Chief Executive Officer  
ST Motorsports, Inc.;  
JTG Racing Inc.; and  
Wood / JTG Racing, Inc.

CHARLES D. HORNE  
President  
Hornwood, Inc.

SUSAN J. ROURKE  
President & Owner  
U.S. Land Management Co.

DONALD P. SCARBOROUGH  
President & Owner  
Plank Road Realty, Inc.

EMILY M. THOMAS  
Vice President  
Administration & Finance  
CMH Flooring Products, Inc.

Certainly we measure ourselves by revenues and profits  
and all the other benchmarks that financial services  
companies live by, but you – our customers, shareholders  
and the communities we serve – continue to be the  
foundation of our Company and our reason for being.

## BANK OF STANLY BOARD OF DIRECTORS



*Standing, left to right:*

DUSTY W. WEST  
- Vice Chairman  
President & Owner  
Dean's Ready Mixed, Inc.

JIMMY C. HUNEYCUTT  
Owner  
J. Huneycutt Co., LLC

NADINE B. BOWERS  
Retired - Strategic  
Investment Advisors and  
Bank of Stanly

RAYMOND R. CRANFORD, JR.  
Vice President  
Crook Motor Co., Inc.

JERRY J. LONG - Chairman  
President, Secretary & Co-Owner  
Long's Diamond Broker

ROGER L. DICK  
President &  
Chief Executive Officer  
Uwharrie Capital Corp

ANITA E. BLAIR  
Associate  
Beane Swaringen & Co., PLLC

MICHAEL P. LATON, SR.  
President  
Custom Doors, Inc.

B. A. SMITH, JR.  
Retired - Pilot & Base Commander  
United States Air Force

W. STEPHEN ALDRIDGE, III  
President  
Stanly Funeral Home, Inc.

KELLEY S. HUFF  
President & Owner  
Richfield Child Development  
Center

MARK W. MABRY  
President & Owner  
Mabry Insurance

## ANSON BANK & TRUST BOARD OF DIRECTORS



*Standing, left to right:*

EUGENE M. WARD  
Retired - President &  
Chief Executive Officer  
Anson Bank & Trust Co.

HARVEY H. LEAVITT, III  
Owner  
Leavitt Funeral Home

JIMMY L. STRAYHORN  
President & Chief Executive Officer  
Anson Bank & Trust Co.

ROGER L. DICK  
President &  
Chief Executive Officer  
Uwharrie Capital Corp

LEE ROY LOOKABILL, JR.  
President  
Anson Real Estate and  
Insurance Company, Inc.

W. KENNETH HUNTLEY  
- Chairman  
President & Owner  
Huntley Oil & Gas Company, Inc.

HENRY H. MORTON, JR.  
- Vice Chairman  
President & Chief Executive Officer  
Selectronics, Inc.

JARVIS T. WOODBURN  
General Manager  
Coffing Hoists Company

EMMETT S. PATTERSON  
Retired - General Manager &  
Executive Vice President  
Pee Dee Electric Membership  
Corporation

*Seated, left to right:*

TARA G. EUDY  
President & Treasurer  
Carolina Title Company, Inc.

ALThERIA S. PATTON, Ph.D.  
Retired - Assistant Superintendent  
Anson County Schools

EMILY M. THOMAS  
Vice President  
Administration & Finance  
CMH Flooring Products, Inc.

*Not pictured:*

PAUL J. KIKER, III  
Retired - President  
Kiker Forestry & Realty, Inc.



## CABARRUS BANK & TRUST BOARD OF DIRECTORS



Seated, left to right:

CYNTHIA L. MYNATT - Vice Chairman  
President  
Ben Mynatt Pontiac-Buick-GMC Truck, Inc.

TIMOTHY J. PROPST  
Executive Vice President  
Propst Construction Company, Inc.

SUSAN J. SMITH  
Advisor  
Rowan-Cabarrus Community College

EDWARD B. TYSON  
Retired - Superintendent  
Kannapolis City Schools

Not pictured:

RICHARD J. FISHER  
President & Owner  
R.J. Fisher Construction Co., Inc.

Standing, left to right:

ESTUS B. WHITE  
Retired - Clerk of Superior  
Court  
Cabarrus County

CHRISTOPHER L.  
BRAMLETT, Ph. D.  
Retired - President & Owner  
Christopher's  
Jewelers Co., Inc.

JOHN W. SHEALY, JR.  
President  
Capital Concrete Co.

FRANK A. RANKIN, III  
President  
Concord Engineering &  
Surveying, Inc.

SUSAN J. ROURKE  
President & Owner  
U. S. Land Management Co.

ROBERT M. FREEMAN  
President & Owner  
Service One of Concord, Inc.;  
Freeman Development  
Company, LLC; and  
Consultant, Rowan-Cabarrus  
Community College

LEONARD B.  
SOSSAMON, JR.  
Chief Executive Officer &  
Executive Vice President  
Alliance Development  
Group, LLC

ROGER L. DICK  
President &  
Chief Executive Officer  
Uwharrie Capital Corp

WILLIAM C. THOMAS  
President &  
Chief Executive Officer  
Concord Builders, Inc.

DOUGLAS L. STAFFORD  
- Chairman  
Principal  
Griffin Stafford, LLC


VERNON A. RUSSELL  
Attorney  
Plummer, Russell, Clement  
and Plummer, PLLC

**Our unique style of Community Banking provides local  
autonomy and decision-making in our markets with  
empowered local Boards of Directors.**

*Roger Dick, President & Chief Executive Officer, and  
Mike Snyder, Chairman of the Board*







*Every day you may make progress. Every step may be fruitful.  
Yet, there will stretch out before you an ever-lengthening, ever-  
ascending, ever-improving path. You know you will never get to  
the end of the journey. But this, so far from discouraging, only  
adds to the joy and glory of the climb.*

**Sir Winston Churchill**



# Corporate Profile

Our organizational structure is designed to enable our companies to continue to serve customers the way they want and need to be served. We offer flexibility, quick decisions and personal attention.



## Bank of Stanly

[www.BankofStanly.com](http://www.BankofStanly.com)

As the largest operating entity in Uwharrie Capital Corp, Bank of Stanly carries much of the responsibility of leading the Company toward the goals of maximizing shareholder value and providing superior customer service.

We work hard to exceed our customers' expectations and we are committed to providing superior and convenient customer service.

Bank of Stanly has a full range of services to suit your preferences and needs: traditional checking or online e-zBanking solutions; credit cards or debit cards; individual retirement or health savings accounts.

## ANSON BANK & TRUST

[www.AnsonBankandTrust.com](http://www.AnsonBankandTrust.com)

Our customers bank with us because we're small enough to know them and call them by name but large enough to take care of their financial needs. We build lasting relationships on the fact that we work with each of our customers on an individual basis and our service sets us apart. We operate in an environment where customer service is and always will be number one; it's finding ways to make each customer feel extremely well cared for each time they bank with us.

At Anson Bank & Trust, we pride ourselves in being a unique banking experience where the customer comes first and we really appreciate your business.



## Cabarrus Bank & Trust

[www.CabarrusBankandTrust.com](http://www.CabarrusBankandTrust.com)

In building Cabarrus Bank & Trust, we have blended the spirit of Community Banking - local control, personal service and civic engagement - with the conveniences you would expect from a much larger institution - innovation, technology and efficiency.

We personalize our banking with the customer and this makes banking a relationship business. The team of associates at Cabarrus Bank & Trust combines outstanding experience with an unparalleled commitment to service and we bring together an old-fashioned approach to personal service with modern technological conveniences.

## STRATEGIC INVESTMENT ADVISORS, INC.

[www.StrategicInvestmentAdvisors.com](http://www.StrategicInvestmentAdvisors.com)

At Strategic Investment Advisors, our goal is to create comprehensive, customized and innovative financial solutions for individuals and families, delivered with a strong commitment to exceptional high-touch service. We are proud of our unique mix of integrity and service to deliver a personalized, consultative approach to financial management. Our experienced and dedicated professionals build strong relationships with clients and assist them in accumulating, protecting and distributing their wealth.





Stephen G. Chambers, PE  
President,  
Chambers Engineering, PA

*As the textile industry has diminished in our area, historic structures have been left behind. Fortunately, Lillian Mill was destined to be preserved. Uwharrie Capital Corp and its subsidiaries partner with visionary community leaders to revitalize our downtowns and our neighborhoods.*



# Our Corporate Banking Philosophy

As a Community Banking organization, we know our future depends on the growth and vitality of each community we serve. We also understand we can be a catalyst for economic growth and a source of needed capital and financial expertise.

Local decision-making, a strong commitment to focus on relationship banking and the delivery of world-class products and services are fundamental to our Corporate Banking approach. This enables our relationship managers to provide financing solutions that are flexible, innovative and timely for our customers. Understanding the specialized needs of our business clients enables us to provide customized solutions to customers that include automobile dealerships, restaurateurs, government entities, tourism and hospitality, health care and professional services. Above all, our relationship culture allows us to respond to the needs of our customers and our communities. We are committed to investing in each community we serve. By providing comprehensive financial products and the capital to local entrepreneurs, we help build community strength.

*Our retail branches offer our customers quality service and some of the most competitive products in our markets. Our customers, of all ages, appreciate our community focus and our hands-on approach to financial services.*





# Our Personal Banking Philosophy

No matter how our customers prefer to bank with us - at a traditional branch, by telephone or electronically through online banking - we will continue to offer the financial services and support that help make it easier to manage their money and their lives.

Our steadfast commitment to our customers and the communities we serve is the competitive advantage that distinguishes our Personal Banking approach. That focus is paramount to our success. Local focus and convenience - the ability to bank when, where and how you choose - is what our customers deserve and receive. We know that our customers appreciate our commitment to excellence and our local-service approach. It's an approach customers expect from their Community Bank. We take great pride in getting to know our customers by name and understanding their financial needs. Because our associates work as a team, we ensure that our customers deal with the right people for their individual needs. In the old days, we called it *customer service*; more recently, we use the term *customer satisfaction* - the bottom line is ... ***it's all about personal attention.***





*By scanning checks electronically, Greg Eudy (left), with Carolina Title Company, Inc., has eliminated the need to take deposits to the bank, photocopy checks and manually write deposit slips. Matthew Greene (above), with Uwharrie Capital Corp, demonstrates Remote Deposit Capture technologies.*

# Our Electronic Banking Philosophy

Our brand of Community Banking includes strong community involvement, leading-edge technology, the responsiveness of credit decisions made locally and warm, friendly service.

As the trend from paper to electronic transactions strengthens, Uwharrie Capital Corp continues to roll out highly advanced Electronic Banking services. Our customers, both individuals and businesses, utilize these tools to manage their banking with convenience and efficiency. From personal or business bank cards to Remote Deposit Capture, our web-based technologies provide immediate client access so our customers can monitor their accounts and initiate transactions. In 2007, we introduced our e-zBanking solutions, a convenient new service that brings banking capabilities to an individual's office any time of the day and night. We are committed to implementing strategies that allow us to effectively balance traditional Community Bank customer service with modern technological conveniences.





*Grey Carle, local artist and long-time Company supporter, appreciates our philosophy that community involvement is good business.*



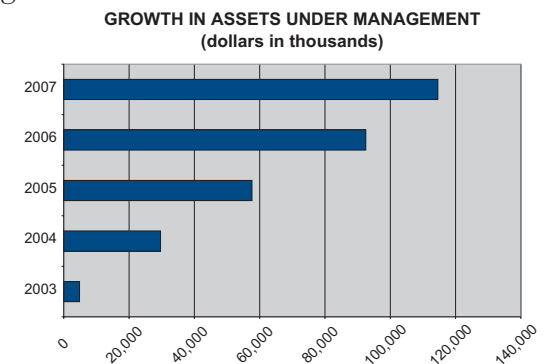
# Our Wealth Management Philosophy

By offering a full range of financial services, including investment management services, we are providing customers with a single source for all their financial needs.

We provide customized portfolio management to corporations, individuals, non-profit organizations and retirement plans. Our investment management professionals work with our corporate and personal banking officers to ensure that all customers have the most complete and informed teams serving their needs.

We consider ourselves risk managers and our primary responsibility is to prudently balance risk and return through proper allocation of our clients' investment assets. Our comprehensive portfolio management is accentuated by a commitment to highly personalized client relationships. With a clear understanding of an individual's situation, we can best manage risk and portfolio allocation to attain our clients' goals.

Managing wealth is a long-term process that must reflect changes in our clients' lives and goals. We work hard to create the right blend of products and services to meet our customers' often-complex financial needs.

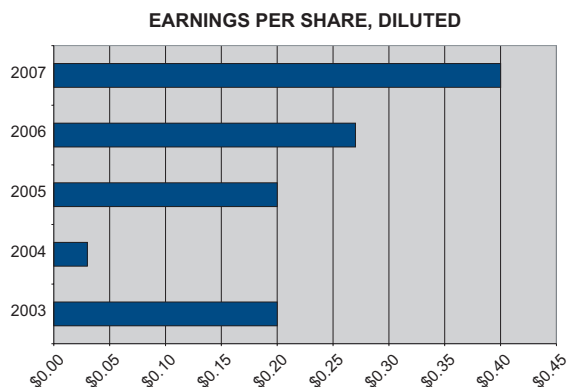




**Uwharrie Capital Corp and Subsidiaries**

(dollars in thousands except per share information)

	2007	2006	2005	2004	2003
<u>Summary of Operations</u>					
Interest income	\$ 26,909	\$ 24,353	\$ 19,161	\$ 15,906	\$ 14,597
Interest expense	11,876	10,702	6,630	4,734	4,606
Net Interest income	15,033	13,651	12,531	11,172	9,991
Provision for loan losses	15	298	755	2,092	593
Noninterest income	6,590	5,469	4,351	4,271	5,159
Noninterest expense	17,362	15,918	14,087	13,297	12,466
Income taxes	1,287	833	523	(199)	531
Net income	<u>\$ 2,959</u>	<u>\$ 2,071</u>	<u>\$ 1,517</u>	<u>\$ 253</u>	<u>\$ 1,560</u>
<u>Per Common Share</u>					
Net income – basic (1)	\$ .40	\$ .28	\$ .20	\$ .03	\$ .20
Net income – diluted (1)	.40	.27	.20	.03	.20
Book value (1)	4.26	3.87	3.62	3.52	3.54
<u>Selected Year-end Balances</u>					
Assets	\$ 411,944	\$ 383,261	\$ 350,190	\$ 329,262	\$ 300,529
Loans held for investment	321,987	288,135	272,842	260,835	235,151
Securities	51,005	37,150	35,016	28,524	27,707
Deposits	324,657	309,600	273,976	246,939	212,563
Borrowed funds	53,619	42,329	47,007	53,796	58,924
Shareholders' equity	31,574	29,633	27,453	27,156	27,852



- (1) Net income per share, book value per share, weighted average shares outstanding and shares outstanding at year-end for 2003 through 2007 have been adjusted to reflect the 3% stock dividends issued in 2007, 2006, 2005, 2004 and 2003.

The Company experienced another year of solid growth as total assets rose from \$383.3 million at December 31, 2006 to \$411.9 million at December 31, 2007. This 7.5% level of growth resulted primarily from a \$33.9 million increase in loans held for investment. Securities available for sale increased \$13.9 million during the year. These increases were offset by a decrease in cash and cash equivalents of \$18.6 million. At December 31, 2006 the Company had made a decision to keep a portion of its investment portfolio in short-term federal funds sold. During 2007 these funds were used to help fund the growth mentioned above.

Customer deposits continued to be our principal funding source in 2007. At December 31, 2007, deposits from our customers totaled \$324.7 million, representing a 4.9% increase from \$309.6 million at December 31, 2006. Total borrowings experienced an increase of \$11.3 million.

The Company had a record year in earnings. Net income for 2007 amounted to \$2.9 million or \$0.40 per basic share, an improvement comparing 2006 net income of \$2.1 million, reflecting \$0.28 per basic share. As with most financial institutions, the primary component of earnings for our banks is net interest income, which increased by \$1.4 million, or 10.1%, to \$15.0 million for 2007 from \$13.6 million in 2006. The average yield on our interest-earning assets increased 24 basis points to 7.49%, while the average rate we paid for our interest bearing liabilities increased 11 basis points. These increases resulted in a 13 basis point increase in our interest rate spread, from 3.57% in 2006 to 3.70% in 2007. Our net interest margin for 2007 was 4.22%, compared 4.10% in 2006.

(Continued from previous page)

The provision for loan losses had a reduction of \$283 thousand during 2007. The Company had net loan recoveries during 2007 of \$324 thousand compared to net loan chargeoffs of \$1.6 million in 2006. The allowance for loan losses was increased in 2007 to \$3.5 million, as compared to \$3.2 million for the prior year-end. The amount of impaired loans and the potential losses associated with these loans increased during 2007 resulting in an increase to the allowance for loan losses.

In response to increasing competition for traditional bank loan and deposit services, the Company continued to gain momentum during 2007 in its strategy to increase sources of noninterest income. Other service fees and commissions increased in total by \$768 thousand, or 33.0%, during 2007. In particular, income generated from brokerage commissions and asset management fees amounted to \$1.9 million, or an increase of \$554 thousand compared to 2006. In addition, service charges on deposit accounts grew \$188 thousand to \$2.2 million. Income from mortgage loan sales also experienced an increase of \$193 thousand in 2007.

Noninterest expense increased 9.1%, to \$17.4 million in 2007, as compared to \$15.9 million in 2006. Personnel costs, the largest component of noninterest expense, increased \$1.0 million, from \$9.1 million in 2006 to \$10.1 million in 2007. Additions at the executive and bank support staff levels, together with normal annual salary increases, primarily account for this increase. Other noninterest expense increased \$475 thousand. Electronic banking expense and professional fees and services, both major components of this category, each experienced an increase of \$102 thousand.

The Company continues to maintain a strong capital position. At December 31, 2007, total shareholders' equity was \$31.6 million, an increase of \$2.0 million from \$29.6 million at the end of 2006. Capital ratios are above those of a well capitalized bank as defined by our regulators.



**DIXON HUGHES** PLLC

Certified Public Accountants and Advisors

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors  
Uwharrie Capital Corp  
Albemarle, North Carolina

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Uwharrie Capital Corp and Subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2007 (not presented herein); and in our report dated March 14, 2008, we expressed an unqualified opinion on those consolidated financial statements. The accompanying condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the information set forth in the condensed consolidated financial statements in relation to the consolidated financial statements from which it has been derived.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 2007 and 2006, and the related condensed consolidated statements of income for each of the years in the three-year period ended December 31, 2007, is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

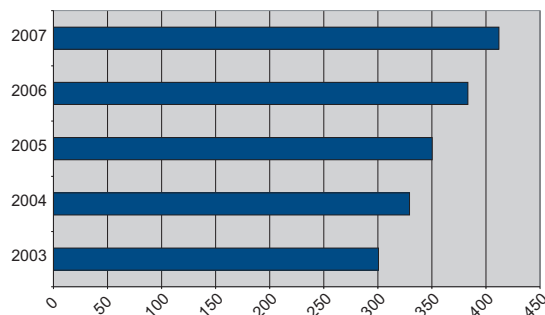
*Dixon Hughes PLLC*

Raleigh, North Carolina  
March 14, 2008

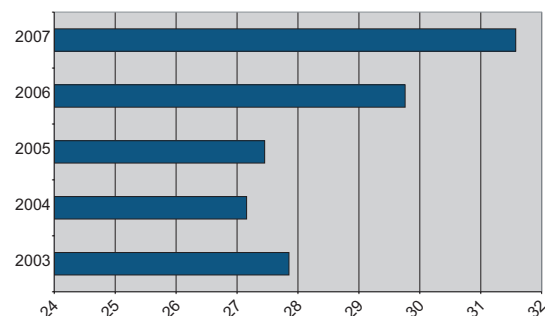


**Uwharrie Capital Corp**  
**Condensed Consolidated Balance Sheets**  
**December 31, 2007 and 2006**

**GROWTH IN ASSETS**  
(dollars in millions)



**GROWTH IN SHAREHOLDERS' EQUITY**  
(dollars in millions)



**ASSETS**

	2007	2006
	(dollars in thousands)	
Cash and due from banks	\$ 13,765	\$ 15,088
Interest-earning deposits with banks	2,432	2,147
Federal funds sold	0	17,525
Securities available for sale, at fair value	51,005	37,150
Loans held for sale	2,916	3,814
Loans:		
Loans held for investment	321,987	288,135
Less allowance for loan losses	(3,510)	(3,171)
Net loans held for investment	<u>318,477</u>	<u>284,964</u>
Premises and equipment, net	8,751	8,618
Interest receivable	2,055	1,775
Federal Home Loan Bank stock	2,137	1,980
Bank owned life insurance	5,318	5,133
Goodwill	987	987
Other assets	4,101	4,080
Total assets	<u>\$ 411,944</u>	<u>\$ 383,261</u>

**LIABILITIES**

Deposits:		
Demand noninterest-bearing	\$ 46,597	\$ 48,149
Interest checking and money market accounts	102,411	101,470
Savings deposits	26,200	27,833
Time deposits, \$100,000 and over	54,729	48,450
Other time deposits	94,720	83,698
Total deposits	<u>324,657</u>	<u>309,600</u>
Short-term borrowed funds	31,928	13,040
Long-term debt	21,691	29,289
Interest payable	596	503
Other liabilities	1,498	1,196
Total liabilities	<u>380,370</u>	<u>353,628</u>

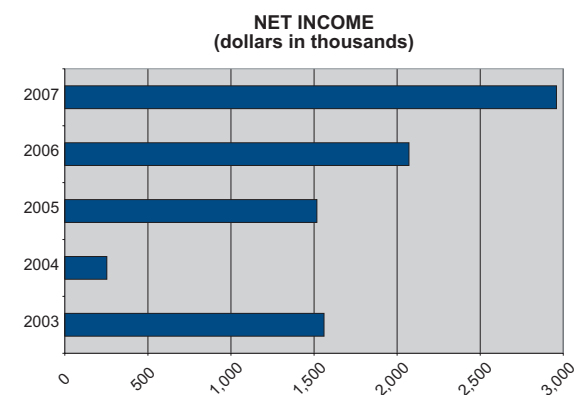
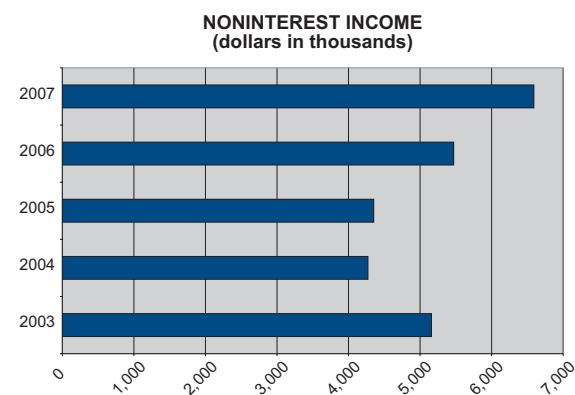
**SHAREHOLDERS' EQUITY**

Common stock, \$1.25 par value: 20,000,000 shares authorized; shares issued and outstanding 7,414,707 and 7,423,550 shares, respectively	9,268	9,279
Additional paid-in capital	13,453	13,541
Unearned ESOP compensation	(800)	(859)
Undivided profits	9,266	7,502
Accumulated other comprehensive income	387	170
Total shareholders' equity	<u>31,574</u>	<u>29,633</u>
Total liabilities and shareholders' equity	<u>\$ 411,944</u>	<u>\$ 383,261</u>

*See Report of Independent Registered Public Accounting Firm*

**Uwharrie Capital Corp**  
**Condensed Consolidated Statements of Income**  
**Years ended December 31, 2007, 2006 and 2005**

	2007	2006	2005
<b>Interest Income</b>	(dollars in thousands)		
Loans, including fees	\$ 23,916	\$ 21,959	\$ 17,446
Investment securities:			
US Treasury	98	98	98
US Government agencies and corporations	1,401	832	537
State and political subdivisions	633	679	653
Other	128	174	125
Interest-earning deposits with banks and federal funds sold	733	611	302
Total interest income	<u>26,909</u>	<u>24,353</u>	<u>19,161</u>
<b>Interest Expense</b>			
Time deposits, \$100,000 and over	2,316	2,100	1,168
Other interest-bearing deposits	7,214	6,167	3,305
Short-term borrowed funds	1,128	758	354
Long-term debt	1,218	1,677	1,803
Total interest expense	<u>11,876</u>	<u>10,702</u>	<u>6,630</u>
Net interest income	15,033	13,651	12,531
Provision for loan losses	15	298	755
Net interest income after provision for loan losses	<u>15,018</u>	<u>13,353</u>	<u>11,776</u>
<b>Noninterest Income</b>			
Service charges on deposit accounts	2,188	2,000	1,707
Other service fees and commissions	3,097	2,329	1,728
Gain(loss) on sale of securities	(76)	60	(16)
Income from mortgage loan sales	957	764	554
Other income	424	316	378
Total noninterest income	<u>6,590</u>	<u>5,469</u>	<u>4,351</u>
<b>Noninterest Expense</b>			
Salaries and employee benefits	10,156	9,130	8,002
Net occupancy expense	871	711	643
Equipment expense	598	618	639
Data processing costs	742	939	843
Other noninterest expense	4,995	4,520	3,960
Total noninterest expense	<u>17,362</u>	<u>15,918</u>	<u>14,087</u>
Income before taxes	4,246	2,904	2,040
Income taxes	1,287	833	523
<b>Net income</b>	<u>\$ 2,959</u>	<u>\$ 2,071</u>	<u>\$ 1,517</u>
<b>Net income per common share</b>			
Basic	<u>\$ 0.40</u>	<u>\$ 0.28</u>	<u>\$ 0.20</u>
Diluted	<u>\$ 0.40</u>	<u>\$ 0.27</u>	<u>\$ 0.20</u>
<b>Weighted average shares outstanding</b>			
Basic	7,382,033	7,462,115	7,459,530
Diluted	7,482,361	7,574,856	7,641,336



See Report of Independent Registered Public Accounting Firm







# Associates of the Uwharrie Capital Corp Family

We are deeply committed to the communities we serve and meeting the needs of all of our stakeholders. Our associates remain focused on our Company's mission and core values.

Tammie D. Aldridge	Anita F. Carpenter	Susan B. Gibson	Martin L. Lafferty, Jr.	Martha W. O'Brien	Ryan V. Story
Nancy H. Allen	Michelle B. Carver	Tina L. Gibson	Amy M. Lambert	H. Clifford Parsons	Jimmy L. Strayhorn
Natalie L. Almond	Brandis T. Chewning	M. Casey Greene	Emily J. Lanning	C. Rodney Pepper	Megan S. Stroud
Kathy H. Almond	Robin G. Christian	Matthew W. Greene	Debra L. Laton	Donna L. Pleasant	Martha A. Sullivan
Jason R. Andrew	Darlene T. Clayton	Sherman L. Greer	Brooke E. Laton	Dustin L. Poplin	A. Donald Swaringen
William A. Andrews	Gayle F. Comer	Linda D. Harkey	W. D. Lawhon, Jr.	Amanda L. Poplin	Crystal B. Swaringen
P. Craig Austin	Julie C. Conner	Alisa E. Hartsell	Daria W. Ledbetter	Jennifer K. Purser	Gayle B. Talbert
Annie S. Austin	Shelia B. Cook	Michael G. Harwood	Joy M. Lee	Trena B. Purvis	Jeffrey M. Talley
Amy Y. Barbee	Anngennell Y. Cooke	Jane S. Hatley	Mark A. Lisk	Brandi A. Ray	M. Chad Tarlton
Ronald D. Barnes	Pamela J. Curlee	Patricia C. Hatley	Kimberly C. Long	Teresa T. Ritchie	Angela S. Teems
Jill A. Barrier	Donald M. Davis	G. Ernest Hatley, Jr.	G. Marty Lowder	Hayley M. Rogers	Misti D. Thompson
Anitra C. Barringer	Shannon M. Davis	Tammy R. Helms	Patricia L. Lowder	David M. Rudisill	Misty W. Thornburg
Dayle C. Beaver	Cheryl J. Deaton	Anita C. Hill	Sheila M. Lowder	Jason A. Rummage	Robin N. Todd
R. David Beaver, III	Stephen A. Denning	Deborah T. Hinson	Teresa G. Lowder	Cynthia C. Sasser	Linda B. Troutman
Sarah G. Bivins	Roger L. Dick	Jan L. Hobbs	Tonya M. Lowder	Neil B. Senter	Marci A. Tucker
Jennifer M. Blake	Alexander T. Domenech	Roy L. Holbrook	Traci R. Lowder	R. Scott Seymour	Susan T. Tucker
Shanna M. Blalock	Brendan P. Duffey	Gerald B. Honeycutt	Sandra P. Mabry	Debbie B. Sheppard	Michelle P. Tucker
Rebecca B. Bost	Donald R. Edwards	Carolyn F. Hopkins	Sandra S. Maiden	Cristi H. Showalter	Kristin M. Umberger
Tiffany M. Bowman	Chasity L. Efird	Patricia K. Horton	Dana A. Maness	Tamara M. Singletary	Kathy R. Valentine
Robert B. Brannan, III	Debra M. Erk	Martha E. Hughes	Elsa E. Mata	Kelly B. Smith	Eddie F. Wall
Misty C. Broadway	Leslie T. Eudy	Kristi W. Humphrey	Delaine H. McCormick	Matthew J. Smith	Robbie H. Walters
W. Gaynelle Brooks	Brandon K. Eudy	Jessica S.C. Ingram	John P. McIntyre	Lindsey A. Smith	Angela T. Webb
Barry C. Brummitt	Bradley W. Eudy	Williesenia A. Ingram	Kristal M. McKethan	Sabrina D. Smith	Carrie I. Whitley
Debbie S. Burkett	Duane S. Fagg	Jacqueline S. Jernigan	Dawn L. Melton	Danielle C. Smith	M. Starr Whitley
Amber N. Burleson	Monty L. Fast	Amy B. Johnson	Lorelei V. Misenheimer	Helen Ann Smith	Barbara S. Williams
B. Diane Burris	Anne R. Flynn	Sonya H. Johnson	Bonnie P. Morton	Katrina H. Smith	Bradley W. Williams
K. Maria Burris	Deborah G. Frick	Carol H. Jones	Lorrie M. Nantz	Tamara L. Smith	Tonda M. Witmore
Cathy M. Burris	Allen K. Furr	Mark O. Jones	Johnda S. Noble	Patricia B. Speight	Brittany G. Wolfarth
Judith A. Camp	Angela K. Gann	Suzette D. Klutz	Misty M. Nordan	Christy D. Stoner	Kenneth E. Yelton
Lindsey E. Capell	David C. Gaskin	Mitchell C. Knighten			





# Community Investment and Stewardship

In 2007, your Company sponsored more than 150 organizations providing economic, cultural and educational programs in our communities while our associates contributed countless hours of volunteer service.

Albemarle 150th Birthday  
 Albemarle Academy of Dance  
 Albemarle Downtown Development Corporation  
 Albemarle Optimist Club  
 Albemarle Parks & Recreation  
 Albemarle Rotary Club  
 American Cancer Society  
 American Red Cross  
 Anson County Arts Council  
 Anson County Chamber of Commerce  
 Anson County Ducks Unlimited  
 Anson County Partnership for Children  
 Anson Youth Association  
 Ansonville Parade Fund  
 ARC of Stanly County  
 Ben Mynatt Children's Foundation  
 Best of Badin Festival  
 Big Lick Antique Tractor Pull  
 Boys & Girls Club of Cabarrus County  
 Cabarrus Arts Council  
 Cabarrus College of Health Sciences  
 Cabarrus County Gymnastics  
 Cabarrus Meals On Wheels  
 Cabarrus Regional Chamber of Commerce  
 Central NC Council Boy Scouts

Cheer Corps Parents Association  
 Community Churches & Christian Ministries  
 Concord Downtown Development  
 CVAN Auction & Celebration  
 E.E. Waddell Center  
 Endy Optimist Club  
 Fire Departments  
 The Foundation of Anson Community Hospital  
 Freedom Outdoors Foundation  
 Girl Scouts, Hornet's Nest  
 Greater Oakboro Business Association  
 Habitat For Humanity  
 Helping Hands  
 Hispanic Learning Center  
 Hospice  
 Jeff Gordon Children's Hospital  
 Joe Talbert Memorial Golf Tournament  
 Kerri D. Efirm Memorial Scholarship  
 Kirk Home Extension Club  
 Lions Club  
 Local Athletics, Benefits, Concerts, Events, Youth  
 Mattie's Family Care Home  
 Men Making A Difference  
 Municipalities

National MS Society  
 National Wild Turkey Federation  
 NorthEast Medical Foundation  
 Norwood VFW Post  
 Oakboro Fourth of July Celebration  
 Oakboro Youth Association  
 Officer Jeff Shelton Memorial Fund  
 Pee Dee Chapter of Quail Unlimited  
 Pfeiffer University  
 Pregnancy Resource Center  
 Preservation North Carolina  
 Prosperity Ministries, Inc.  
 Richfield Civitan Club  
 Rotary Club of Cabarrus County  
 Samaritan's Colony  
 Samaritan's Feet  
 Schools - Project Graduation, Academic Programs, Athletics  
 South Oakboro Action Association  
 South Piedmont Community College Foundation  
 Special Olympics of Stanly County  
 Stanly Arts Guild  
 Stanly Community College Foundation  
 Stanly County Air Show  
 Stanly County Arts Council  
 Stanly County Chamber of Commerce

Stanly County NAACP  
 Stanly County Partnership for Children  
 Stanly County Senior Center  
 Stanly County Shrine Club  
 Stanly County YMCA  
 Stanly Regional Medical Foundation  
 Stanly Support Our Youth  
 Talent Company  
 United Way Campaigns  
 Uwharrie Classic Cruisers  
 Uwharrie Community Service Development Network  
 Wayne Oakes Scholarship Tournament  
 Wingate University  
 Yadkin Pee Dee Lakes Project

*Uwharrie Capital Corp has built a reputation on our solid commitment to give back and be actively involved with programs that contribute to and improve the lives of others. We call this the **double-bottom line.***



## BANK OF STANLY

[www.BankofStanly.com](http://www.BankofStanly.com)

### ALBEMARLE

Post Office Box 338  
Albemarle, NC 28002-0338

MAIN OFFICE  
AND INVESTMENT  
SERVICES CENTER

704-983-6181  
167 North Second Street (28001)

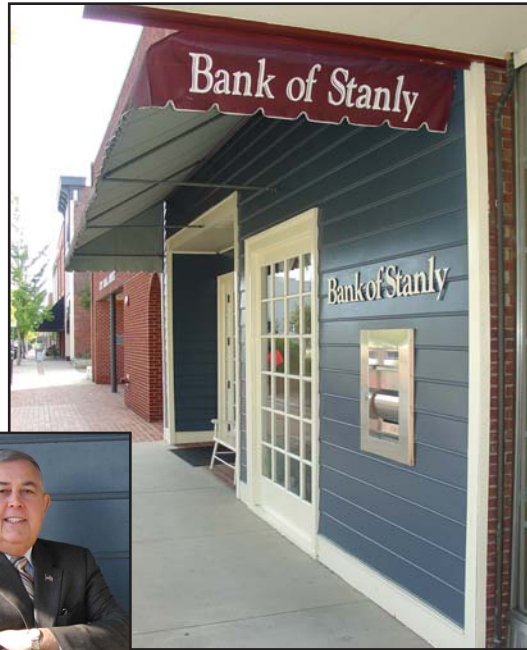
### VILLAGE OFFICE\*

704-983-6181  
710 North First Street (28001)

### EAST ALBEMARLE OFFICE\*

704-983-6181  
800 NC 24-27 Highway (28001)

ATM Location  
Stanly Regional Medical Center



*Bill Lawhon (left),  
Chief Executive Officer*

### NORWOOD\*

704-474-3103  
107 South Main Street  
Post Office Box 657  
Norwood, NC 28128-0657

### OAKBORO\*

704-485-3435  
624 North Main Street  
Post Office Box 539  
Oakboro, NC 28129-0539

### WEST STANLY

704-888-8897  
111 Ray Kennedy Drive  
Locust, NC 28097



*Pat Horton (right),  
Chief Executive Officer*

## CABARRUS BANK & TRUST

[www.CabarrusBankandTrust.com](http://www.CabarrusBankandTrust.com)

### CONCORD

Post Office Box 1970  
Concord, NC 28026-1970

PALASIDE DRIVE OFFICE\*  
704-262-3855  
25 Palaside Drive, NE (28025)

CHURCH STREET OFFICE  
704-262-3855  
700 Church Street North (28025)

### MT. PLEASANT\*

704-436-2300  
1490 South Main Street  
Post Office Box 1081  
Mt. Pleasant, NC 28124-1081

\*Denotes  
ATM Location

# Experienced Leadership and Exceptional Service Delivered Locally

Our relationship culture allows us to respond to the needs of our customers. Local management and decision-making is the hallmark of our organization and our strength is rooted in the communities we serve.



*Christy Stoner (right),  
Chief Executive Officer*

## **STRATEGIC INVESTMENT ADVISORS**

[www.StrategicInvestmentAdvisors.com](http://www.StrategicInvestmentAdvisors.com)

### ALBEMARLE

704-983-5959

132 North First Street (28001)

Post Office Box 1517

Albemarle, NC 28002-1517

### CONCORD

CHURCH STREET OFFICE

704-262-3855

700 Church Street North (28025)



*Jim Strayhorn (left),  
Chief Executive Officer*

## **ANSON BANK & TRUST**

[www.AnsonBankandTrust.com](http://www.AnsonBankandTrust.com)

### WADESBORO

704-694-2122

211 South Greene Street

Post Office Box 249

Wadesboro, NC 28170-0249

ATM Location

426 East Caswell Street



## SHAREHOLDER INFORMATION

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It is the philosophy of Uwharrie Capital Corp to promote a strong, local shareholder base. While bid and asked prices for the Company's common stock are quoted on the Over the Counter Bulletin Board under the symbol UWHR, trading is sporadic with most trades taking place in privately negotiated transactions. Management makes every reasonable effort to match willing buyers with willing sellers as they become known for the purpose of private negotiations for the purchase and sale of the Company's common stock.

The Board of Directors has adopted a dividend policy on an annual basis. For 2007, Uwharrie Capital Corp declared a 3% stock dividend. The Board of Directors will determine on an annual basis, consistent with the capital needs of the Company, an appropriate dividend.

In addition, Uwharrie Capital Corp has adopted a stock repurchase program whereby the Company may make open market purchases of shares of its stock. The combination of private trades, as well as the holding company purchases, provides liquidity for the investors of Uwharrie Capital Corp.

Shareholders needing information about purchasing or selling stock should contact Tamara M. Singletary, Executive Vice President/Investor Relations at Uwharrie Capital Corp, 132 North First Street, Post Office Box 338, Albemarle, NC 28002-0338.

Telephone (704) 982-4415

Email address: [tsingletary@uwharrie.com](mailto:tsingletary@uwharrie.com)

The financial information appearing in this Summary Annual Report has been condensed from the consolidated financial statements which accompany the Proxy Statement distributed in connection with Uwharrie Capital Corp's 2008 Annual Meeting of Shareholders. A copy of the Company's 2007 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission (SEC), may be obtained by shareholders at no charge by searching the "EDGAR" archives at the SEC's internet site at [www.sec.gov](http://www.sec.gov) or by notifying Tamara M. Singletary, Executive Vice President and Corporate Secretary, Uwharrie Capital Corp, 132 North First Street, Post Office Box 338, Albemarle, NC 28002-0338.

(Email: [tsingletary@uwharrie.com](mailto:tsingletary@uwharrie.com))


Management has simplified the financial presentation in this Summary Annual Report because it believes such simplification enhances the shareholder communication process. Management's objective is to provide shareholders with relevant financial information in an easily understood and readable format.

The accompanying condensed consolidated financial statements and their integrity and objectivity are the responsibility of the Company's management. The financial statements include amounts based on management's best estimates and judgments. Management also prepared other information in the Summary Annual Report and is responsible for its accuracy and consistency.

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This Annual Report may contain, among other things, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, (i) statements regarding certain of the Company's goals and expectations with respect to earnings, income per share, revenue, expenses and the growth rate in such items, as well as other measures of economic performance, including statements relating to estimates of credit quality trends, and (ii) statements preceded by, followed by or that include the words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "projects," "outlook," or similar expressions. These statements are based upon the current belief and expectations of the Company's management and are subject to significant risks and uncertainties that are subject to change based on various factors (many of which are beyond the Company's control).

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*True individual freedom cannot exist  
without economic security and independence.  
People who are hungry and out of a job are  
the stuff of which dictatorships are made.*

**Franklin D. Roosevelt**





# Uwharrie Capital Corp

132 North First Street • Post Office Box 338

Albemarle, NC 28002-0338

704-982-4415

[www.UwharrieCapitalCorp.com](http://www.UwharrieCapitalCorp.com)