

AMERISERV FINANCIAL INC /PA/
Form 10-K/A
January 07, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K/A

Amendment #2

(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, 2003

or

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

For the transition period from to

Commission file number 0-11204

AMERISERV FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

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Pennsylvania
(State or other jurisdiction of
incorporation or organization)

25-1424278
(I.R.S. Employer
Identification No.)

Main & Franklin Streets, P.O. Box 430, Johnstown, Pennsylvania
(Address of principal executive offices)

15907-0430
(Zip Code)

Registrant's telephone number, including area code **(814) 533-5300**

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

Title of each class	Name of each exchange on which registered
----------------------------	--

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

Common Stock, \$2.50 Par Value
(Title of class)

Share Purchase Rights
(Title of class)

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 (229.405 of this chapter) 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.

Indicate by check mark whether the registrant is an accelerated filer (as described in Rule 12b-2 of the Act). Yes No

The market capitalization was \$52,975,796.20 as of June 30, 2003.

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing. (See definition of affiliate in Rule 405.) \$84,608,053.50 as of January 31, 2004.

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NOTE If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided that the assumptions are set forth in this Form.

Applicable only to registrants involved in bankruptcy proceedings during the preceding five years: Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

(Applicable only to corporate registrants) Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 13,961,725 shares were outstanding as of January 31, 2004.

Documents incorporated by reference. List hereunder the following documents if incorporated by reference and the Part of the Form 10-K/A (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (e) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980).

Portions of the annual shareholders' report for the year ended December 31, 2003, are incorporated by reference into Parts I and II.

Portions of the proxy statement for the annual shareholders' meeting are incorporated by reference in Part III.

Exhibit Index is located on page 81.

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This amendment is being filed to reflect the restatement of the Company's consolidated financial statements as discussed in Note 27 paragraph 2 thereto, and other information related to such restated consolidated financial statements.

PART I

Item 1. *Business*

General

AmeriServ Financial, Inc. (the Company) is a bank holding company, organized under the Pennsylvania Business Corporation Law. The Company became a holding company upon acquiring all of the outstanding shares of AmeriServ Financial Bank (the Bank) on January 5, 1983. The Company also acquired all of the outstanding shares of Three Rivers Bank and Trust Company (Three Rivers Bank) in June 1984, McKeesport National Bank (McKeesport Bank) in December 1985 (which was subsequently merged into Three Rivers Bank), Community Bancorp, Inc. in March 1992 (which was also subsequently merged into Three Rivers Bank in July 1997), and Johnstown Savings Bank (JSB) in June 1994 (which was immediately merged into AmeriServ Financial Bank). In addition, the Company formed AmeriServ Life Insurance Company (AmeriServ Life) in October 1987, AmeriServ Trust and Financial Services Company (the Trust Company) in October 1992, and AmeriServ Associates, Inc. (AmeriServ Associates), in January 1997.

On April 1, 2000, the Company executed its Board approved tax-free spin-off of its Three Rivers Bank subsidiary. Shareholders received one share of the new Three Rivers Bancorp common stock for every two shares of AmeriServ Financial common stock that they owned. The distribution of the Three Rivers Bancorp shares did not change the number of the Company's common shares outstanding.

The Company's principal activities consist of owning and operating its four wholly owned subsidiary entities. At December 31, 2003, the Company had, on a consolidated basis, total assets, deposits, and shareholders' equity of \$1.15 billion, \$655 million and \$74 million, respectively. The Company and the subsidiary entities derive substantially all of their income from banking and bank-related services. The Company functions primarily as a coordinating and servicing unit for its subsidiary entities in general management, accounting and taxes, loan review, auditing, investment accounting, marketing and insurance risk management.

On January 24, 2003, the Company's Board of Directors voluntarily relinquished Financial Holding Company status that it had previously elected under the Gramm-Leach-Bliley Act. The Company had not been using any of the additional powers given to a financial holding company. As previously stated, the Company remains a bank holding company and is subject to supervision and regular examination by the Federal Reserve Bank of Philadelphia.

The Company is also under the jurisdiction of the Securities and Exchange Commission (SEC) for matters relating to offering and sale of its securities. The Company is subject to the disclosure and regulatory requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, as administered by the SEC. The Company is listed on the NASDAQ Stock Market under the trading symbol ASRV, and is subject to the rules of NASDAQ for listed companies.

AmeriServ Financial Banking Subsidiary

AmeriServ Financial Bank

AmeriServ Financial Bank is a state bank chartered under the Pennsylvania Banking Code of 1965, as amended. Through 23 locations in Allegheny, Cambria, Centre, Dauphin, Somerset, and Westmoreland Counties, Pennsylvania, AmeriServ Financial Bank conducts a general banking business. It is a full-service bank offering (i) retail banking services, such as demand, savings and time deposits, money market accounts, secured and unsecured loans, mortgage loans, safe deposit boxes, holiday club accounts, collection services, money orders, and traveler's checks; (ii) lending, depository and related financial services to commercial, industrial, financial, and governmental customers, such as real estate-mortgage loans, short- and medium-term loans, revolving credit arrangements, lines of credit, inventory and accounts receivable financing, real estate-construction loans, business savings accounts, certificates of deposit, wire transfers, night depository, and lock box services. AmeriServ Financial Bank also

operates 27 automated bank teller machines (ATMs) through its 24-Hour Banking Network that is linked with STAR, a regional ATM network and CIRRUS, a national ATM network.

AmeriServ Financial Bank also has a wholly owned mortgage banking subsidiary Standard Mortgage Corporation of Georgia (SMC). SMC is a residential mortgage loan servicer based in Atlanta, GA. Additionally, AmeriServ Financial Services Corporation was formed on May 23, 1997 and engages in the sale of annuities, mutual funds, and insurance.

AmeriServ Financial Bank's deposit base is such that loss of one depositor or a related group of depositors would not have a materially adverse effect on its business. In addition, the loan portfolio is also diversified so that one industry or group of related industries does not comprise a material portion of the loan portfolio. AmeriServ Financial Bank's business is not seasonal nor does it have any risks attendant to foreign sources.

AmeriServ Financial Bank is subject to supervision and regular examination by the Federal Reserve and the Pennsylvania Department of Banking. See Note #24, Regulatory Matters, for a discussion of the Memorandum Of Understanding which the Company and its Board of Directors entered into with its primary regulators. Various federal and state laws and regulations govern many aspects of its banking operations. The following is a summary of key data (dollars in thousands) and ratios at December 31, 2003:

Headquarters		Johnstown, PA
Chartered		1933
Total Assets	\$	1,142,421
Total Investment Securities	\$	549,224
Total Loans (net of unearned income)	\$	503,387
Total Deposits	\$	654,597
Total Net Income	\$	2,200
Asset Leverage Ratio		8.00%
2003 Return on Average Assets		0.19%
2003 Return on Average Equity		2.09%
Total Full-time Equivalent Employees		342

AmeriServ Financial Non-Banking Subsidiaries

AmeriServ Trust and Financial Services Company

AmeriServ Trust and Financial Services Company is a trust company organized under Pennsylvania law in October 1992. The Trust Company offers a complete range of trust and financial services and has \$1.1 billion in assets under management. The Trust Company also offers the ERECT and BUILD Funds which are collective investment funds for trade union controlled pension fund assets. At December 31, 2003, AmeriServ Trust and Financial Services had total assets of \$1.6 million and total shareholder's equity of \$1.2 million.

AmeriServ Life

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AmeriServ Life is a captive insurance company organized under the laws of the State of Arizona. AmeriServ Life engages in underwriting as reinsurer of credit life and disability insurance within the Company's market area. Operations of AmeriServ Life are conducted in each office of the Company's banking subsidiary. AmeriServ Life is subject to supervision and regulation by the Arizona Department of Insurance, the Insurance Department of the Commonwealth of Pennsylvania, and the Federal Reserve. At December 31, 2003, AmeriServ Life had total assets of \$1.9 million and total shareholder's equity of \$1.2 million.

AmeriServ Associates

AmeriServ Associates is a registered investment advisory firm that administers investment portfolios, offers operational support systems and provides asset and liability management services to small and mid-sized financial institutions. At December 31, 2003, AmeriServ Associates had total assets of \$346,000 and total shareholder's equity of \$266,000.

Monetary Policies

Commercial banks are affected by policies of various regulatory authorities including the Federal Reserve System. An important function of the Federal Reserve System is to regulate the national supply of bank credit. Among the instruments of monetary policy used by the Board of Governors are: open market operations in U.S. Government securities, changes in the discount rate on member bank borrowings, and changes in reserve requirements on bank deposits. These means are used in varying combinations to influence overall growth of bank loans, investments, and deposits, and may also affect interest rate charges on loans or interest paid for deposits. The monetary policies of the Board of Governors have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future. The Company's primary regulators are the Federal Reserve Bank of Philadelphia and the Pennsylvania Department of Banking.

Competition

The subsidiary entities face strong competition from other commercial banks, savings banks, savings and loan associations, and several other financial or investment service institutions for business in the communities they serve. Several of these institutions are affiliated with major banking and financial institutions which are substantially larger and have greater financial resources than the subsidiary entities. As the financial services industry continues to consolidate, the scope of potential competition affecting the subsidiary entities will also increase. For most of the services that the subsidiary entities perform, there is also competition from credit unions and issuers of commercial paper and money market funds. Such institutions, as well as brokerage houses, consumer finance companies, insurance companies, and pension trusts, are important competitors for various types of financial services. In addition, personal and corporate trust investment counseling services are offered by insurance companies, other firms, and individuals.

Market Area

The Company's local economy has not seen vibrant economic growth compared to national economic growth as reflected by the strong national Gross Domestic Product (GDP) of recent quarters. The economy in Cambria and Somerset counties continue to perform below the 5.7% national unemployment average with local unemployment at 6.3%. Johnstown's unemployment rate remains near the highest of all regions of the Commonwealth. Local market conditions have improved in recent quarters but change comes slowly. The unemployment rate has improved from last year's 7.8% by one and a half percentage points, but jobs in the area have actually declined in absolute number from last year's total. Near-term expectations for future employment point to better days ahead. In 2004, the Company has redefined its primary lending market as approximately a 100 mile radius from Johnstown. This area would include the Johnstown Metro Area, along with State College, Pittsburgh, and Harrisburg. Local loan demand is growing and we expect that given our renewed strategic focus on commercial lending, the Company will experience loan growth in 2004. Overall, economic conditions in the Johnstown Metro Area are expected to slowly improve throughout 2004.

Economic conditions are much better in the State College area that comprises Centre County. The unemployment rate in the area is 3.0%, the lowest of all regions in the Commonwealth. The State College market presents the Company with a more vibrant economic market and a different demographic. The 18 to 34 year old age group makes up a much greater percentage of the population in State College than in the Cambria/Somerset market, while the population of people 50 years of age or older is significantly less in State College. Overall, opportunities in the State College market are quite different and challenging, providing a promising source of business to profitably grow the Company.

During 2003, the Company maintained union niche offices in Harrisburg in Dauphin County to the east of Johnstown and west in Pittsburgh in Allegheny County. We have seen slow economic growth in both counties.

Nationally, the economic environment appears promising. With a Presidential Election in 2004, most economists remain hopeful that the economy will continue to grow while inflation and interest rates remain at record low levels for most of the year.

Employees

The Company employed 471 people as of December 31, 2003, in full- and part-time positions. Approximately 281 non-supervisory employees of AmeriServ Financial Bank are represented by the United Steelworkers of America, AFL-CIO-CLC, Local Union 2635-06/07. AmeriServ Financial Bank and such employees are parties to a labor contract pursuant to which employees have agreed not to engage in any work stoppage during the term of the contract which will expire on October 15, 2004. AmeriServ Financial Bank has not experienced a work stoppage since 1979.

Sarbanes-Oxley Act of 2002

On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002, which contains important new requirements for public companies in the area of financial disclosure and corporate governance. In accordance with section 302(a) of the Sarbanes-Oxley act, written certifications by the Company's Chief Executive Officer and Chief Financial Officer are required. These certifications attest that the Company's quarterly and annual reports filed with the SEC do not contain any untrue statement of a material fact. In response to the Sarbanes-Oxley Act of 2002, the Company adopted a series of procedures to further strengthen its corporate governance practices. The Company also requires signed certifications from managers who are responsible for internal controls throughout the Company as to the integrity of the information they prepare. These procedures supplement the Company's Code of Conduct Policy and other procedures that were previously in place.

Privacy Provisions of Gramm-Leach-Bliley Act

Under Gramm-Leach-Bliley Act (GLB Act) federal banking regulators adopted rules that limit the ability of banks and other financial institutions to disclose non-public information about customers to non-affiliated third parties. These limitations require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to non-affiliated third parties. The privacy provision of the GLB Act affect how consumer information is transmitted through diversified financial companies and conveyed to outside vendors.

Statistical Disclosures for Bank Holding Companies

The following Guide 3 information is included in this Form 10-K/A as listed below:

- I. Distribution of Assets, Liabilities, and Stockholders' Equity; Interest Rates and Interest Differential Information. Information required by this section is presented on pages 17-19, and 26-30.
- II. Investment Portfolio Information required by this section is presented on pages 5-6.
- III. Loan Portfolio Information required by this section appears on pages 6-7, 19, and 20.
- IV. Summary of Loan Loss Experience Information required by this section is presented on pages 20-23.

- V. Deposits Information required by this section follows on pages 7-8.
- VI. Return on Equity and Assets Information required by this section is presented on page 12.
- VII. Short-Term Borrowings Information required by this section is presented on pages 8-9.

Investment Portfolio

Investment securities held to maturity are carried at amortized cost while investment securities classified as available for sale are reported at fair value.

The following table sets forth the cost basis and market value of AmeriServ Financial's investment portfolio as of the periods indicated:

Investment securities available for sale at:

Cost Basis:	2003	At December 31, 2002 (In thousands)		2001
U.S. Treasury	\$ 9,498	\$ 12,514	\$	10,972
U.S. Agency	13,508	5,600		850
State and Municipal				1,012
Mortgage-backed securities	469,086	430,541		439,591
Other securities	33,916	33,117		46,154
Total cost basis of investment securities available for sale	\$ 526,008	\$ 481,772	\$	498,579
Total market value of investment securities available for sale	\$ 524,573	\$ 490,701	\$	498,626

Investment securities held to maturity at:

Cost Basis:	2003	At December 31, 2002 (In thousands)		2001
U.S. Treasury	\$ 1,155	\$	\$	
U.S. Agency	8,096			
Mortgage-backed securities	18,838	15,077		
Total cost basis of investment securities held to maturity	\$ 28,089	\$ 15,077	\$	
Total market value of investment securities held to maturity	\$ 28,095	\$ 15,320	\$	

Loan Portfolio

The loan portfolio of the Company consisted of the following:

	2003	2002	At December 31 2001 (In thousands)		2000	1999
Commercial	\$ 75,738	\$ 89,127	\$ 123,523	\$	116,615	\$ 152,042
Commercial loans secured by real estate	206,204	222,854	209,483		193,912	406,927
Real estate-mortgage(1)	194,605	229,154	231,728		242,370	452,507
Consumer	28,343	32,506	36,186		35,749	70,983
Loans	504,890	573,641	600,920		588,646	1,082,459
Less: Unearned income	2,926	4,881	7,619		8,012	8,408
Loans, net of unearned income	\$ 501,964	\$ 568,760	\$ 593,301	\$	580,634	\$ 1,074,051

(1) At December 31, 2003 and 2002, real estate-construction loans constituted 3.2% and 7.2% of the Company's total loans, net of unearned income, respectively.

Non-Performing Assets

The following table presents information concerning non-performing assets:

	2003	2002	At December 31		2000	1999
			2001			
	(In thousands, except percentages)					
Non-accrual loans	\$ 10,781	\$ 6,791	\$ 9,303	\$ 5,803	\$ 4,928	
Loans past due 90 days or more	98	50	208		1,305	
Other real estate owned	532	123	533	158	7,126	
Total non-performing assets	\$ 11,411	\$ 6,964	\$ 10,044	\$ 5,961	\$ 13,359	
Total non-performing assets as a percent of loans and loans held for sale, net of unearned income, and other real estate owned	2.26%	1.22%	1.67%	1.01%	1.21%	

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The Company is unaware of any additional loans which are required to either be charged-off or added to the non-performing asset totals disclosed above. Other real estate owned is recorded at the lower of 1) fair value minus estimated costs to sell, or 2) carrying cost.

The following table sets forth, for the periods indicated, (i) the gross interest income that would have been recorded if non-accrual loans had been current in accordance with their original terms and had been outstanding throughout the period or since origination if held for part of the period, (ii) the amount of interest income actually recorded on such loans, and (iii) the net reduction in interest income attributable to such loans.

	Year ended December 31,				
	2003	2002	2001	2000	1999
	(In thousands)				
Interest income due in accordance with original terms	\$ 670	\$ 470	\$ 340	\$ 464	\$ 494
Interest income recorded	(119)	(14)	(19)	(139)	(20)
Net reduction in interest income	\$ 551	\$ 456	\$ 321	\$ 325	\$ 474

Deposits

The following table sets forth the average balance of the Company's deposits and average rates paid thereon for the past three calendar years:

	2003		At December 31, 2002		2001	
			(In thousands)			
Demand:						
Non-interest bearing	\$ 104,330	%	\$ 105,830	%	\$ 91,033	%
Interest bearing	51,872	0.39	49,681	0.50	47,530	0.97
Savings	103,450	0.92	100,454	1.32	91,926	1.57
Money market	123,845	1.06	129,902	1.09	134,799	4.65
Other time	282,838	3.20	300,683	4.34	303,135	5.28
Total deposits	\$ 666,335	2.05	\$ 686,550	2.76	\$ 668,423	4.19

Interest expense on deposits consisted of the following:

	Year ended December 31		
	2003	2002	2001
	(In thousands)		
Interest bearing demand	\$ 201	\$ 249	\$ 434
Savings	948	1,329	1,401
Money market	1,309	1,423	3,654
Certificates of deposit in denominations of \$100,000 or more	998	1,127	1,281
Other time	8,047	11,926	14,772
Total interest expense	\$ 11,503	\$ 16,054	\$ 21,542

Additionally, the following table provides more detailed maturity information regarding certificates of deposit issued in denominations of \$100,000 or more as of December 31, 2003:

Maturing in:

	(In thousands)
Three months or less	\$ 19,097
Over three through six months	1,081
Over six through twelve months	2,398
Over twelve months	17,373
Total	\$ 39,949

Federal funds purchased, securities sold under agreements to repurchase, and other short-term borrowings

The outstanding balances and related information for federal funds purchased, securities sold under agreements to repurchase, and other short-term borrowings are summarized as follows:

		At December 31, 2003	
	Federal Funds Purchased	Securities Sold Under Agreements to Repurchase	Other Short-Term Borrowings
	(In thousands, except rates)		
Balance	\$	\$	\$ 144,643
Maximum indebtedness at any month end	12,500		159,260
Average balance during year	1,732		104,048
Average rate paid for the year	1.41%	%	1.38%
Interest rate on year end balance			1.06

		At December 31, 2002	
	Federal Funds Purchased	Securities Sold Under Agreements to Repurchase	Other Short-Term Borrowings
	(In thousands, except rates)		
Balance	\$ 9,225	\$	\$ 91,563
Maximum indebtedness at any month end	14,200	327	124,116
Average balance during year	2,645	64	53,924
Average rate paid for the year	1.93%	1.07%	1.78%
Interest rate on year end balance	1.50		1.48

		At December 31, 2001	
	Federal Funds Purchased	Securities Sold Under Agreements to Repurchase	Other Short-Term Borrowings
	(In thousands, except rates)		
Balance	\$ 6,275	\$ 392	\$ 6,187
Maximum indebtedness at any month end	11,050	424	116,463
Average balance during year	2,889	275	51,053
Average rate paid for the year	4.22%	2.72%	3.57%
Interest rate on year end balance	1.82	1.25	1.50

Average amounts outstanding during the year represent daily averages. Average interest rates represent interest expense divided by the related average balances. Collateral related to securities sold under agreements to repurchase are maintained within the Company's investment portfolio.

These borrowing transactions can range from overnight to one year in maturity. The average maturity was two days at the end of 2003 and 2002 and 16 days at the end of 2001.

Item 2. *Properties*

The principal offices of the Company and AmeriServ Financial Bank occupy the five-story AmeriServ Financial building at the corner of Main and Franklin Streets in Johnstown plus nine floors of the building adjacent thereto. The Company occupies the main office and its subsidiary entities have 16 other locations which are owned in fee. Thirteen additional locations are leased with terms expiring from February 14, 2004 to March 31, 2018.

Item 3. *Legal Proceedings*

The Company is subject to a number of asserted and unasserted potential legal claims encountered in the normal course of business. In the opinion of both management and legal counsel, there is no present basis to conclude that the resolution of these claims will have a material adverse effect on the Company's consolidated financial position or results of operations.

Item 4. *Submission of Matters to a Vote of Security Holders*

No matter was submitted by the Company to its shareholders through the solicitation of proxies or otherwise during the fourth quarter of the fiscal year covered by this report.

PART II**Item 5. Market for the Registrant's Common Stock and Related Stockholder Matters**

As of January 31, 2004, the Company had 4,782 shareholders of its Common Stock. On February 28, 2003, the Company and the Bank entered into a Memorandum of Understanding (MOU) with the Federal Reserve Bank of Philadelphia (Federal Reserve) and the Pennsylvania Department of Banking (Department). Under the terms of the MOU, the Company and the Bank cannot declare dividends, the Company may not redeem any of its own stock, and the Company cannot incur any additional debt other than in the ordinary course of business, in each case, without the prior written approval of the Federal Reserve and the Department. Accordingly, the Board of Directors of the Company cannot reinstate the previously suspended common stock dividend, or reinstitute its stock repurchase program without the concurrence of the Federal Reserve and the Department.

Common Stock

AmeriServ Financial, Inc.'s Common Stock is traded on the NASDAQ National Market System under the symbol ASRV. The following table sets forth the actual high and low closing prices and the cash dividends declared per share for the periods indicated:

	High	Closing Prices	Low	Cash Dividends Declared		
Year ended December 31, 2003:						
First Quarter	\$	3.90	\$	2.41	\$	0.00
Second Quarter		3.90		3.10		0.00
Third Quarter		4.17		3.46		0.00
Fourth Quarter		5.16		4.27		0.00
Year ended December 31, 2002:						
First Quarter	\$	5.15	\$	4.40	\$	0.09
Second Quarter		5.24		4.50		0.09
Third Quarter		4.79		2.30		0.09
Fourth Quarter		3.42		2.25		0.03

Item 6. Selected Consolidated Financial Data

SELECTED TEN-YEAR CONSOLIDATED FINANCIAL DATA

	At or for the year ended December 31									
	2003	2002*	2001*	2000**	1999	1998	1997	1996	1995	1994
	(Dollars in thousands, except per share data)									
Summary of Income Statement Data:										
Total interest income	\$ 55,005	\$ 66,015	\$ 81,659	\$ 107,298	\$ 165,188	\$ 158,958	\$ 154,788	\$ 137,333	\$ 129,715	\$ 102,811
Total interest expense	30,360	38,647	53,461	69,839	99,504	93,728	87,929	76,195	73,568	46,993
Net interest income	24,645	27,368	28,198	37,459	65,684	65,230	66,859	61,138	56,147	55,818
Provision for loan losses	2,961	9,265	1,350	2,096	1,900	600	158	90	285	(2,765)
Net interest income after provision for loan losses	21,684	18,103	26,848	35,363	63,784	64,630	66,701	61,048	55,862	58,583
Total non-interest income	16,929	19,687	18,075	16,609	24,374	23,689	20,203	18,689	16,543	8,187
Total non-interest expense	38,277	46,367	42,536	51,734	60,815	59,520	54,104	52,474	50,557	49,519
Income (loss) before income taxes	336	(8,577)	2,387	238	27,343	28,799	32,800	27,263	21,848	17,251
Provision (benefit) for income taxes	(213)	(3,425)	412	(1,478)	6,922	7,655	9,303	7,244	6,045	5,931
Net income (loss)	\$ 549	\$ (5,152)	\$ 1,975	\$ 1,716	\$ 20,421	\$ 21,144	\$ 23,497	\$ 20,019	\$ 15,803	\$ 11,320
Per Common Share Data:(1)										
Basic earnings (loss) per share	\$ 0.04	\$ (0.37)	\$ 0.15	\$ 0.13	\$ 1.53	\$ 1.51	\$ 1.56	\$ 1.28	\$ 0.96	\$ 0.73
Diluted earnings (loss) per share	0.04	(0.37)	0.15	0.13	1.52	1.48	1.54	1.28	0.96	0.73
Cash dividends declared	0.00	0.30	0.36	0.42	0.59	0.60	0.53	0.46	0.35	0.32
Book value at period end	5.32	5.77	6.01	5.83	8.46	10.48	10.77	9.97	9.45	8.19
Balance Sheet and Other Data:										
Total assets	\$ 1,147,886	\$ 1,175,550	\$ 1,198,859	\$ 1,254,261	\$ 2,467,479	\$ 2,377,081	\$ 2,239,110	\$ 2,087,112	\$ 1,885,372	\$ 1,788,890
Loans and loans held	503,387	572,977	599,481	590,271	1,095,804	1,066,321	989,575	939,726	834,634	868,004

for sale, net of unearned income										
Allowance for loan losses	11,682	10,035	5,830	5,936	10,350	10,725	12,113	13,329	14,914	15,590
Investment securities available for sale	524,573	490,701	498,626	550,232	1,187,335	661,491	580,115	455,890	427,112	259,462
Investment securities held to maturity	28,089	15,077				508,142	536,608	546,318	463,951	524,638
Deposits	654,597	669,929	676,346	659,064	1,230,941	1,176,291	1,139,527	1,138,738	1,177,858	1,196,246
Total borrowings	410,206	410,135	424,665	500,580	1,099,842	1,026,570	913,056	770,102	534,182	432,735
Stockholders equity	74,270	80,256	81,990	78,407	112,557	141,670	158,180	151,917	150,492	137,136
Full-time equivalent employees	413	422	475	477	745	762	765	759	742	780

* Certain balance sheet items and financial ratios for these years were restated to reflect a \$2.5 million prior period adjustment which increased retained earnings and reduced deferred tax liabilities. See Note #27 to the consolidated financial statements for further discussion. Earlier years were not restated as the amounts were not material to any of the individual years presented.

** The Company spun-off its Three Rivers Bank subsidiary on April 1, 2000.

(1) All per share and share data have been adjusted to reflect a 3 for 1 stock split in the form of a 200% stock dividend which was distributed on July 31, 1998, to shareholders of record on July 16, 1998.

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	At or for the year ended December 31									
	2003	2002*	2001*	2000**	1999	1998	1997	1996	1995	1994
(Dollars in thousands, except per share data)										
Selected Financial Ratios:										
Return on average total equity	0.71%	(6.18)%	2.37%	2.11%	15.48%	14.13%	15.00%	13.36%	11.03%	8.92%
Return on average assets	0.05	(0.43)	0.15	0.11	0.83	0.93	1.09	1.03	0.87	0.75
Loans and loans held for sale, net of unearned income, as a percent of deposits, at period end	76.90	85.53	88.64	89.56	89.02	87.09	86.84	82.52	70.86	72.56
Ratio of average total equity to average assets	6.67	7.00	6.51	5.20	5.39	6.58	7.28	7.69	7.85	8.39
Common stock cash dividends as a percent of net income (loss) applicable to common stock		(80.16)	247.29	327.27	38.51	41.00	34.00	35.28	36.43	44.57
Common and preferred stock cash dividends as a percent of net income (loss)		(80.16)	247.29	327.27	38.51	41.00	34.00	35.28	36.43	44.57
Interest rate spread	2.02	2.16	2.08	2.26	2.59	2.58	2.97	3.06	2.94	3.47
Net interest margin	2.31	2.51	2.45	2.63	2.96	3.17	3.43	3.52	3.45	4.03
Allowance for loan losses as a percentage of loans and loans held for sale, net of unearned income, at period end	2.32	1.75	0.97	1.01	0.94	1.01	1.22	1.42	1.79	1.80
Non-performing assets as a percentage of loans and loans held for sale and other real estate owned, at period end	2.26	1.22	1.67	1.01	1.21	0.77	0.89	0.92	1.13	0.91
Net charge-offs as a percentage of average loans and loans held for sale	0.22	0.85	0.26	0.21	0.21	0.19	0.14	0.20	0.08	0.04
Ratio of earnings to fixed charges and preferred dividends:(2)	1.02x	0.62x	1.07x	1.01x	1.47x	1.54x	1.72x	1.7x	1.77x	2.3x

Excluding interest on deposits										
Including interest on deposits	1.01	0.78	1.04	1.00	1.27	1.31	1.37	1.36	1.30	1.37
Cumulative one year GAP ratio, at period end	0.96	1.44	1.30	1.01	0.59	1.03	0.88	0.79	0.86	0.79

* Certain balance sheet items and financial ratios for these years were restated to reflect a \$2.5 million prior period adjustment which increased retained earnings and reduced deferred tax liabilities. See Note #27 to the consolidated financial statements for further discussion. Earlier years were not restated as the amounts were not material to any of the individual years presented.

** The Company spun-off its Three Rivers Bank subsidiary on April 1, 2000.

(2) The ratio of earnings to fixed charges and preferred dividends is computed by dividing the sum of income before taxes, fixed charges, and preferred dividends by the sum of fixed charges and preferred dividends. Fixed charges represent interest expense and are shown as both excluding and including interest on deposits.

SELECTED QUARTERLY CONSOLIDATED FINANCIAL DATA

The following table sets forth certain unaudited quarterly consolidated financial data regarding the Company:

	Dec. 31	2003 Quarter Ended		March 31
		Sept. 30	June 30	
		(In thousands, except per share data)		
Interest income	\$ 12,957	\$ 13,079	\$ 14,226	