

AMERISERV FINANCIAL INC /PA/

Form 8-K

October 19, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Act of 1934

Date of Report (Date of earliest event reported) October 19, 2004

AMERISERV FINANCIAL, Inc.

(exact name of registrant as specified in its charter)

Pennsylvania 0-11204 25-1424278

(State or other (commission (I.R.S. Employer

jurisdiction File Number) Identification No.)

of Incorporation)

Main and Franklin Streets, Johnstown, Pa. 15901

(address or principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 814-533-5300

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities

Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange

Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the

Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the

Exchange Act (17 CFR 240.13e-4c)

Form 8-K

Item 2.02 Results of Operations and Financial Condition

AMERISERV FINANCIAL Inc. (the "Registrant") press release dated October 19, 2004, announcing its earnings for the three (3) and nine (9) month periods ended September 30, 2004 is attached hereto as Exhibit 99.1 and incorporated herein by reference

Exhibits

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Exhibit 99.1 Press release dated October 19, 2004, announcing its earnings for the

three (3) and nine (9) month periods ended September 30, 2004.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERISERV FINANCIAL, Inc.

By /s/Jeffrey A. Stopko

Jeffrey A. Stopko

Senior Vice President

& CFO

Date: October 19, 2004

Exhibit 99.1

Jeffrey A. Stopko

October 19, 2004

Senior Vice President &

Chief Financial Officer

(814)-533-5310

**AMERISERV FINANCIAL REPORTS SIXTH CONSECUTIVE QUARTER OF PROFITABILITY AND REDUCED NON-PERFORMING ASSETS**

JOHNSTOWN, PA AmeriServ Financial, Inc. (NASDAQ: ASRV) completed its sixth consecutive quarter of profitability by reporting net income for the third quarter of 2004 of \$742,000 or \$0.05 per diluted share. This represents an increase of \$493,000 or \$0.03 per share over the third quarter 2003 performance. For the nine month period ended September 30, 2004, the Company has now earned \$1.2 million or \$0.09 per diluted share which represents a sizable increase over the net income of \$369,000 or \$0.03 per diluted share reported for the nine month period ended September 30, 2003. The following table highlights the Company's financial performance for both the three and nine-month periods ended September 30, 2004 and 2003:

|                            | Third<br>Quarter<br>2004 | Third<br>Quarter<br>2003 | Nine Months<br>Ended<br>September 30, 2004 | Nine Months<br>Ended<br>September 30, 2003 |
|----------------------------|--------------------------|--------------------------|--|--|
| Net income                 | \$742,000                | \$249,000                | \$1,222,000                                | \$369,000                                  |
| Diluted earnings per share | 0.05                     | 0.02                     | 0.09                                       | 0.03                                       |

Allan R. Dennison, President and Chief Executive Officer, commented on the third quarter 2004 results, "Dramatic improvement in asset quality, growth in non-interest income and continued cost controls enabled AmeriServ to continue its positive trend in earnings. This positive earnings trend combined with the recently completed \$12.6 million private placement of common stock are positive developments for the AmeriServ Turnaround. The Board of Directors, management and employees remain focused on improving earnings and strengthening the balance sheet of this Company."

As a result of asset quality improvements, the Company did not provide a provision for loan losses in the third quarter of 2004. This represented a decrease of \$384,000 from the provision provided in the third quarter of 2003. For the first nine months of 2004, the Company's provision for loan losses totaled \$643,000 or 0.17% of total loans, a decrease of \$1.9 million from the provision of \$2.6 million or 0.64% of total loans recorded in the first nine months of 2003. Net charge-offs in the first nine months of 2004 totaled \$2.3 million or 0.63% of total loans compared to net charge-offs of \$740,000 or 0.18% of total loans in the first nine months of 2003. The higher net charge-offs in 2004 reflect a \$914,000 charge-off realized in the third quarter as result of the successful sale of a \$4.3 million non-performing asset, a \$625,000 write-down of a \$4.8 million loan on a personal care facility that was moved into other real estate owned in the first quarter of 2004 and subsequently sold in the third quarter, and increased

charge-offs on consumer loans. Overall, however, the lower provision for loan losses in 2004 reflects improvements in asset quality most evidenced by lower levels of non-performing assets and classified loans. Specifically, successful workout efforts caused non-performing assets to decline from \$11.4 million or 2.26% of total loans at December 31, 2003 to \$5.0 million or 1.00% of total loans at September 30, 2004. The allowance for loan losses provided 195% coverage of non-performing assets at September 30, 2004 compared to 102% coverage at December 31, 2003. The allowance for loan losses as a percentage of total loans amounted to 1.94% at September 30, 2004 compared to 2.32% at December 31, 2003.

The Company's net interest income in the third quarter of 2004 decreased by \$44,000 from the prior year third quarter and for the first nine months of 2004 declined by \$1.0 million when compared to the first nine months of 2003. The third quarter 2004 net interest margin of 2.15% was comparable with the prior year third quarter net interest margin of 2.14%. The decline for the nine-month period resulted from a reduced level of earning assets and an eight basis point drop in the net interest margin to 2.26%. Loan portfolio shrinkage experienced during the majority of 2003 was a predominant factor contributing to both the lower level of earning assets and the net interest margin contraction.

While the Company has generated increased new commercial loan production in 2004, the effects of heightened pay-offs have constrained the size of total loans outstanding. A strategic focus on deposit generation has caused the Company to experience a rebuilding and growth of deposits since the low point reached in the third quarter of 2003.

The Company's total non-interest income increased by \$194,000 when the third quarter of 2004 is compared to the third quarter of 2003. Factors causing the increase included a \$123,000 increase in trust fees due to continued successful union related new business development efforts and a \$463,000 increase in other income as a result of a gain generated on the sale of the Company's largest other real estate owned property. These positive items were partially offset by fewer gains realized on investment security sales and residential mortgage loan sales and lower fees from deposit service charges. Total non-interest income for the nine-month period ended September 30, 2004 decreased by \$1.3 million when compared to the first nine months of 2003. Fewer gains realized on asset sales was the primary factor responsible for the lower non-interest income in 2004. Specifically, gains realized on the sale of investment securities dropped by \$1.8 million due to the higher interest rate environment in place in 2004. This higher rate environment in 2004 also had a negative impact on new residential mortgage origination and refinance volumes as gains realized on the sale of mortgage loans into the secondary market decreased by \$296,000 for the nine month period ended September 30, 2004. These negative items were partially offset by a \$231,000 or 6.1% increase in trust fees and the previously mentioned gain on the sale of the other real estate owned property. Also the Company benefited from the non-recurrence of a \$758,000 loss on the sale of approximately 70% of its mortgage-servicing portfolio in the first quarter of 2003.

The Company's non-interest expense in the third quarter of 2004 increased by \$439,000 from the prior year third quarter but for the first nine months of 2004 decreased by \$840,000 when compared to the first nine months of 2003.

The largest factor causing the quarterly increase was a net unfavorable change of \$368,000 in the impairment charge on mortgage servicing rights. However, for the nine month period ended September 30, 2004, the higher interest rate environment and reduced mortgage refinancing activity caused a net favorable change of \$416,000 in the impairment charge on mortgage servicing rights. The Company also benefited from the non-recurrence in 2004 of a \$199,000 goodwill impairment loss associated with the write-off of all goodwill within the mortgage-banking segment in the first quarter of 2003. Excluding these impairment related charges, the remaining total non-interest expenses were still down by \$225,000 between the first nine months of 2004 and first nine months of 2003 reflecting the Company's continued focus on reducing and containing expenses. Expense reductions were experienced in numerous categories including equipment expense, professional fees, amortization of core deposit intangibles, and other expenses.

The Company's third quarter and first nine months of 2004 net income performance was favorably impacted by an increased income tax benefit. Specifically in the third quarter of 2004, the Company lowered its income tax expense by \$450,000 due to a reduction in reserves for prior year tax contingencies.

At September 30, 2004, ASRV had total assets of \$1.1 billion and shareholders' equity of \$73 million or \$5.26 per share. The Company is well capitalized for regulatory purposes with an asset leverage ratio at September 30, 2004 of 7.85%.

AmeriServ Financial, Inc., is the parent of AmeriServ Financial Bank and AmeriServ Trust & Financial Services in Johnstown, AmeriServ Associates of State College, and AmeriServ Life Insurance Company.

This news release may contain forward-looking statements that involve risks and uncertainties, including the risks detailed in the Company's Annual Report and Form 10-K to the Securities and Exchange Commission as defined in the Private Securities Litigation Reform Act of 1995. Actual results may differ materially.

Nasdaq NMS: ASRV

SUPPLEMENTAL FINANCIAL PERFORMANCE DATA (A)

October 19, 2004

(In thousands, except per share and ratio data)

2004

|  | 1QTR  | 2QTR  | 3QTR  | YEAR<br>TO DATE |
|--|-------|-------|-------|-----------------|
| PERFORMANCE DATA FOR THE PERIOD:                 |       |       |       |                 |
| Net income                                       | \$226 | \$254 | \$742 | \$1,222         |
| PERFORMANCE PERCENTAGES<br>(annualized):         |       |       |       |                 |
| Return on average equity                         | 1.21% | 1.41% | 4.21% | 2.25%           |
| Net interest margin                              | 2.39  | 2.25  | 2.15  | 2.26            |
| Net charge-offs as a percentage of average loans | 0.48  | 0.48  | 0.92  | 0.63            |

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|  |       |       |       |       |
|--|-------|-------|-------|-------|
| Loan loss provision as a percentage of average loans | 0.31  | 0.21  | -     | 0.17  |
| Efficiency ratio                                     | 93.83 | 94.80 | 96.89 | 95.16 |

PER COMMON SHARE:

Net income:

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Basic                                       | \$0.02     | \$0.02     | \$0.05     | \$0.09     |
| Average number of common shares outstanding | 13,962,010 | 13,969,211 | 13,975,838 | 13,969,045 |
| Diluted                                     | 0.02       | 0.02       | 0.05       | 0.09       |
| Average number of common shares outstanding | 14,025,836 | 14,023,577 | 14,009,952 | 14,019,351 |
| Cash dividends declared                     | 0.00       | 0.00       | 0.00       | 0.00       |

2003

|                                  | 1QTR    | 2QTR  | 3QTR  | YEAR<br>TO DATE |
|----------------------------------|---------|-------|-------|-----------------|
| PERFORMANCE DATA FOR THE PERIOD: |         |       |       |                 |
| Net income (loss)                | \$(795) | \$915 | \$249 | \$369           |

PERFORMANCE PERCENTAGES

(annualized):

|  |         |       |       |       |
|--|---------|-------|-------|-------|
| Return on average equity                             | (4.17)% | 4.68% | 1.31% | 0.63% |
| Net interest margin                                  | 2.48    | 2.41  | 2.14  | 2.34  |
| Net charge-offs as a percentage of average loans     | 0.20    | 0.02  | 0.33  | 0.18  |
| Loan loss provision as a percentage of average loans | 1.19    | 0.40  | 0.30  | 0.64  |
| Efficiency ratio                                     | 94.98   | 84.81 | 94.05 | 91.02 |

PER COMMON SHARE:

Net income (loss):

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Basic                                       | \$(0.06)   | \$0.07     | \$0.02     | \$0.03     |
| Average number of common shares outstanding | 13,923,010 | 13,935,086 | 13,945,889 | 13,934,746 |
| Diluted                                     | (0.06)     | 0.07       | 0.02       | 0.03       |
| Average number of common shares outstanding | 13,923,010 | 13,940,460 | 13,954,648 | 13,940,926 |
| Cash dividends declared                     | 0.00       | 0.00       | 0.00       | 0.00       |



## NOTES:

(A)

All quarterly data unaudited.

## AMERISERV FINANCIAL, INC.

(In thousands, except per share, statistical, and ratio data)

2004

|  | 1QTR        | 2QTR        | 3QTR        |
|--|-------------|-------------|-------------|
| <b>PERFORMANCE DATA AT PERIOD END</b>  |             |             |             |
| Assets                                 | \$1,099,564 | \$1,178,406 | \$1,088,849 |
| Investment securities                  | 504,980     | 581,553     | 488,617     |
| Loans                                  | 503,404     | 500,522     | 506,551     |
| Allowance for loan losses              | 11,379      | 10,932      | 9,827       |
| Goodwill and core deposit intangibles  | 13,905      | 13,547      | 13,329      |
| Mortgage servicing rights              | 1,493       | 1,642       | 1,395       |
| Deposits                               | 656,348     | 670,941     | 659,176     |
| Stockholders' equity                   | 77,721      | 67,213      | 73,471      |
| Trust assets - fair market value       | 1,256,064   | 1,246,458   | 1,228,126   |
| Non-performing assets                  | 13,482      | 10,155      | 5,047       |
| Asset leverage ratio                   | 7.75%       | 7.71%       | 7.85%       |
| <b>PER COMMON SHARE:</b>               |             |             |             |
| Book value (A)                         | \$5.57      | \$4.81      | \$5.26      |
| Market value                           | 6.10        | 5.55        | 5.00        |
| Market price to book value             | 109.52%     | 115.50%     | 95.13%      |
| <b>STATISTICAL DATA AT PERIOD END:</b> |             |             |             |
| Full-time equivalent employees         | 415         | 412         | 409         |
| Branch locations                       | 23          | 23          | 23          |
| Common shares outstanding              | 13,965,737  | 13,972,424  | 13,978,726  |

2003

|                                       | 1QTR        | 2QTR        | 3QTR        | 4QTR        |
|---------------------------------------|-------------|-------------|-------------|-------------|
| PERFORMANCE DATA AT PERIOD END        |             |             |             |             |
| Assets                                | \$1,190,360 | \$1,167,610 | \$1,160,915 | \$1,147,886 |
| Investment securities                 | 546,427     | 554,967     | 577,374     | 552,662     |
| Loans                                 | 555,335     | 525,591     | 496,951     | 503,387     |
| Allowance for loan losses             | 11,415      | 11,916      | 11,872      | 11,682      |
| Goodwill and core deposit intangibles | 15,337      | 14,979      | 14,621      | 14,263      |
| Mortgage servicing rights             | 2,214       | 1,784       | 1,859       | 1,718       |
| Deposits                              | 669,103     | 661,932     | 648,844     | 654,597     |
| Stockholders' equity                  | 77,864      | 78,884      | 75,188      | 74,270      |
| Trust assets - fair market value      | 1,091,391   | 1,146,695   | 1,107,022   | 1,145,660   |
| Non-performing assets                 | 11,687      | 10,163      | 11,227      | 11,411      |
| Asset leverage ratio                  | 7.23%       | 7.39%       | 7.48%       | 7.58%       |
| PER COMMON SHARE:                     |             |             |             |             |
| Book value (A)                        | \$5.59      | \$5.66      | \$5.39      | \$5.32      |
| Market value                          | 3.50        | 3.80        | 4.17        | 5.00        |
| Market price to book value            | 62.61%      | 67.14%      | 77.37%      | 93.98%      |
| STATISTICAL DATA AT PERIOD END:       |             |             |             |             |
| Full-time equivalent employees        | 416         | 427         | 422         | 413         |
| Branch locations                      | 23          | 23          | 23          | 23          |
| Common shares outstanding             | 13,929,324  | 13,940,999  | 13,949,383  | 13,957,599  |

## NOTES:

(A) Other comprehensive income had a negative impact of \$0.22 on book value per share at September 30, 2004.

## AMERISERV FINANCIAL, INC.

## CONSOLIDATED STATEMENT OF INCOME

(In thousands)

(Quarterly data unaudited)

2004

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|  | 1QTR    | 2QTR    | 3QTR    | YEAR<br>TO<br>DATE |
|--|---------|---------|---------|--------------------|
| <b>INTEREST INCOME</b>   |         |         |         |                    |
| Interest and fees on loans                                     | \$7,691 | \$7,679 | \$7,346 | \$22,716           |
| Total investment portfolio                                     | 5,228   | 4,943   | 5,352   | 15,523             |
| Total Interest Income  | 12,919  | 12,622  | 12,698  | 38,239             |
| <b>INTEREST EXPENSE</b>  |         |         |         |                    |
| Deposits   | 2,543   | 2,529   | 2,628   | 7,700              |
| All other funding sources                                      | 4,164   | 4,180   | 4,418   | 12,762             |
| Total Interest Expense   | 6,707   | 6,709   | 7,046   | 20,462             |
| <b>NET INTEREST INCOME</b>                                     |         |         |         |                    |
| Provision for loan losses                                      | 384     | 259     | -       | 643                |
| <b>NET INTEREST INCOME AFTER<br/>PROVISION FOR LOAN LOSSES</b> |         |         |         |                    |
|  | 5,828   | 5,654   | 5,652   | 17,134             |
| <b>NON-INTEREST INCOME</b>                                     |         |         |         |                    |
| Trust fees   | 1,267   | 1,347   | 1,377   | 3,991              |
| Net realized gains on investment securities                    |         |         |         |                    |
| available for sale   | 937     | 111     | 228     | 1,276              |
| Net realized gains on loans and loans held for sale            | 40      | 115     | 108     | 263                |
| Service charges on deposit accounts                            | 730     | 716     | 692     | 2,138              |
| Net mortgage servicing fees                                    | 52      | 47      | 40      | 139                |
| Bank owned life insurance                                      | 275     | 276     | 279     | 830                |
| Other income   | 764     | 893     | 1,452   | 3,109              |
| Total Non-interest Income                                      | 4,065   | 3,505   | 4,176   | 11,746             |
| <b>NON-INTEREST EXPENSE</b>                                    |         |         |         |                    |
| Salaries and employee benefits                                 | 4,915   | 4,803   | 4,893   | 14,611             |
| Net occupancy expense  | 757     | 699     | 665     | 2,121              |
| Equipment expense  | 704     | 687     | 672     | 2,063              |
| Professional fees  | 804     | 833     | 1,099   | 2,736              |
| FDIC deposit insurance expense                                 | 72      | 71      | 72      | 215                |
| Amortization of core deposit intangibles                       | 358     | 358     | 218     | 934                |
| Impairment charge (credit) for mortgage servicing              |         |         |         |                    |
| rights   | 100     | (264)   | 138     | (26)               |
| Other expenses   | 1,961   | 1,769   | 1,794   | 5,524              |

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|                                      |       |       |       |         |
|--------------------------------------|-------|-------|-------|---------|
| Total Non-interest Expense           | 9,671 | 8,956 | 9,551 | 28,178  |
| INCOME BEFORE INCOME TAXES           | 222   | 203   | 277   | 702     |
| Provision (benefit) for income taxes | (4)   | (51)  | (465) | (520)   |
| NET INCOME                           | \$226 | \$254 | \$742 | \$1,222 |

2003

|  | 1QTR    | 2QTR    | 3QTR    | YEAR<br>TO<br>DATE |
|--|---------|---------|---------|--------------------|
| INTEREST INCOME  |         |         |         |                    |
| Interest and fees on loans                             | \$9,083 | \$8,595 | \$8,044 | \$25,722           |
| Total investment portfolio                             | 5,660   | 5,631   | 5,035   | 16,326             |
| Total Interest Income                                  | 14,743  | 14,226  | 13,079  | 42,048             |
| INTEREST EXPENSE                                       |         |         |         |                    |
| Deposits   | 3,140   | 2,965   | 2,765   | 8,870              |
| All other funding sources                              | 4,956   | 4,827   | 4,618   | 14,401             |
| Total Interest Expense                                 | 8,096   | 7,792   | 7,383   | 23,271             |
| NET INTEREST INCOME                                    | 6,647   | 6,434   | 5,696   | 18,777             |
| Provision for loan losses                              | 1,659   | 534     | 384     | 2,577              |
| NET INTEREST INCOME AFTER<br>PROVISION FOR LOAN LOSSES | 4,988   | 5,900   | 5,312   | 16,200             |
| NON-INTEREST INCOME                                    |         |         |         |                    |
| Trust fees   | 1,253   | 1,253   | 1,254   | 3,760              |
| Net realized gains on investment securities            |         |         |         |                    |
| available for sale                                     | 1,278   | 1,420   | 402     | 3,100              |
| Net realized gains on loans and loans held for<br>sale | 173     | 221     | 165     | 559                |
| Service charges on deposit accounts                    | 767     | 800     | 812     | 2,379              |
| Net mortgage servicing fees                            | 71      | 77      | 55      | 203                |
| Gain (loss) on sale of mortgage servicing              | (758)   | -       | -       | (758)              |
| Bank owned life insurance                              | 298     | 307     | 305     | 910                |
| Other income   | 913     | 1,017   | 989     | 2,919              |
| Total Non-interest Income                              | 3,995   | 5,095   | 3,982   | 13,072             |

## NON-INTEREST EXPENSE

|  |         |       |       |        |
|--|---------|-------|-------|--------|
| Salaries and employee benefits                           | 4,789   | 4,717 | 4,729 | 14,235 |
| Net occupancy expense                                    | 752     | 701   | 682   | 2,135  |
| Equipment expense  | 817     | 750   | 692   | 2,259  |
| Professional fees  | 903     | 1,058 | 951   | 2,912  |
| FDIC deposit insurance expense                           | 28      | 26    | 75    | 129    |
| Amortization of core deposit intangibles                 | 358     | 358   | 358   | 1,074  |
| Impairment charge (credit) for mortgage servicing rights | 366     | 254   | (230) | 390    |
| Goodwill impairment loss                                 | 199     | -     | -     | 199    |
| Other expenses   | 1,908   | 1,922 | 1,855 | 5,685  |
| Total Non-interest Expense                               | 10,120  | 9,786 | 9,112 | 29,018 |
| INCOME (LOSS) BEFORE INCOME TAXES                        | (1,137) | 1,209 | 182   | 254    |
| Provision (benefit) for income taxes                     | (342)   | 294   | (67)  | (115)  |
| NET INCOME (LOSS)  | \$(795) | \$915 | \$249 | \$369  |

## AMERISERV FINANCIAL, INC.

Nasdaq NMS: ASRV

Average Balance Sheet Data (In thousands)

(Quarterly data unaudited)

Note: 2003 data appears before 2004.

2003

2004

|   | 3QTR      | NINE MONTHS | 3QTR      | NINE MONTHS |
|---|-----------|-------------|-----------|-------------|
| Interest earning assets:                              |           |             |           |             |
| Loans and loans held for sale, net of unearned income | \$497,647 | \$526,902   | \$490,468 | \$493,905   |
| Deposits with banks                                   | 5,183     | 5,475       | 3,806     | 4,499       |

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|  |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
| Federal funds sold   | 80          | 38          | -           | 91          |
| Total investment securities  | 565,477     | 531,716     | 562,415     | 552,867     |
| Total interest earning assets  | 1,068,387   | 1,064,131   | 1,056,689   | 1,051,362   |
| Non-interest earning assets:   |             |             |             |             |
| Cash and due from banks  | 22,008      | 22,366      | 22,021      | 21,785      |
| Premises and equipment   | 11,827      | 12,142      | 10,359      | 10,640      |
| Other assets   | 62,114      | 67,674      | 62,160      | 66,173      |
| Allowance for loan losses  | (11,881)    | (11,286)    | (10,538)    | (11,084)    |
| Total assets   | \$1,152,455 | \$1,155,027 | \$1,140,691 | \$1,138,876 |
| Interest bearing liabilities:  |             |             |             |             |
| Interest bearing deposits:   |             |             |             |             |
| Interest bearing demand  | \$52,565    | \$51,868    | \$54,133    | \$53,079    |
| Savings  | 105,055     | 103,470     | 104,840     | 105,565     |
| Money market   | 122,536     | 125,199     | 121,990     | 120,374     |
| Other time   | 278,641     | 284,244     | 288,747     | 280,706     |
| Total interest bearing deposits  | 558,797     | 564,781     | 569,710     | 559,724     |
| Borrowings:  |             |             |             |             |
| Federal funds purchased, securities sold under agreements to repurchase, and other short-term borrowings |             |             |             |             |
|  | 100,602     | 98,839      | 125,286     | 129,557     |
| Advanced from Federal Home Loan Bank   | 277,313     | 270,110     | 226,041     | 226,301     |
| Guaranteed junior subordinated deferrable interest debentures *  | 34,500      | 34,500      | 35,567      | 35,567      |
| Total interest bearing liabilities   | 971,212     | 968,230     | 956,604     | 951,149     |
| Non-interest bearing liabilities:  |             |             |             |             |
| Demand deposits  | 102,378     | 104,761     | 105,819     | 106,486     |
| Other liabilities  | 3,548       | 4,238       | 8,248       | 8,633       |
| Stockholders equity  | 75,317      | 77,798      | 70,020      | 72,608      |
| Total liabilities and stockholders equity  | \$1,152,455 | \$1,155,027 | \$1,140,691 | \$1,138,876 |

\* - In the first quarter 2004 The Company adopted FIN46R which resulted in the deconsolidation of the capital trust subsidiary.