

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS*(Dollar Amounts in Thousands)***NOTE 8—Securities Held to Maturity**

Below is an analysis of the amortized cost and approximate fair values of debt securities held to maturity at December 31, 2002 and 2001:

	2002				2001			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
Obligations of U.S. Government Corporation and Agencies:								
Mortgage Backed Securities	\$ 63,535	\$ 1,713	\$ -0-	\$ 65,248	\$ 133,687	\$ 2,594	\$ (166)	\$ 136,115
Other	15,000	934	-0-	15,934	29,998	1,360	-0-	31,358
Obligations of States and Political Subdivisions	96,869	3,685	-0-	100,554	107,130	1,545	(788)	107,887
Debt Securities Issued by Foreign Governments	408	-0-	-0-	408	383	-0-	-0-	383
Corporate Securities	22,026	725	(8)	22,743	22,092	808	-0-	22,900
Total Securities Held to Maturity	<u>\$ 197,838</u>	<u>\$ 7,057</u>	<u>\$ (8)</u>	<u>\$ 204,887</u>	<u>\$ 293,290</u>	<u>\$ 6,307</u>	<u>\$ (954)</u>	<u>\$ 298,643</u>

The amortized cost and estimated market value of debt securities at December 31, 2002, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

	Amortized Cost	Approximate Fair Value
Due within 1 year	\$ 22,047	\$ 22,273
Due after 1 but within 5 years	30,186	32,157
Due after 5 but within 10 years	34,298	36,092
Due after 10 years	47,772	49,117
	<u>134,303</u>	<u>139,639</u>
Mortgage Backed Securities	63,535	65,248
Total Debt Securities	<u>\$ 197,838</u>	<u>\$ 204,887</u>

There were no sales of securities held to maturity in 2002, 2001 or 2000.

Securities held to maturity with an amortized cost of \$149,119 and \$205,150 were pledged at December 31, 2002 and 2001, respectively, to secure public deposits and for other purposes required or permitted by law.

NOTE 9—Loans (all domestic)

Loans at year end were divided among these general categories:

	December 31,	
	2002	2001
Commercial, financial, agricultural and other	\$ 633,955	\$ 529,300
Real estate loans:		
Construction and land development	20,998	14,727
1-4 family dwellings	739,018	849,787
Other real estate loans	663,220	638,576
Loans to individuals for household, family and other personal expenditures	505,139	473,515
Leases, net of unearned income	47,110	63,326
Subtotal	2,609,440	2,569,231
Unearned income	(806)	(1,297)
Total loans and leases	<u>\$ 2,608,634</u>	<u>\$ 2,567,934</u>

Most of the Corporation's business activity was with customers located within Pennsylvania. The portfolio is well diversified, and as of December 31, 2002 and 2001, there were no significant concentrations of credit.