INTEREST SENSITIVITY AND DISCLOSURES ABOUT MARKET RISK continued

(dollars in thousands)	At December 31, 2003				
	1-180 DAYS	181-365 DAYS	1-5 YEARS	BEYOND 5 YEARS	TOTAL
Rate-Sensitive Assets:					
Federal funds sold and interest-bearing deposits	$ 40,556				$ 40,556
Investment securities	36,876	$ 24,045	$ 136,084	$ 159,792	356,797
Loans	1,012,808	326,043	870,082	147,613	2,356,546
Federal Reserve and Federal Home Loan Bank stock	15,502				15,502
Total rate-sensitive assets	1,105,742	350,088	1,006,166	307,405	2,769,401
Rate-Sensitive Liabilities:					
Interest-bearing deposits	1,411,925	224,461	383,135	4,379	2,023,900
Securities sold under repurchase agreements	71,095				71,095
Federal Home Loan Bank advances	7,750	15,000	80,341	109,688	212,779
Trust preferred securities				57,188	57,188
Other short-term borrowings	1,514				1,514
Other borrowed funds	10,594			30,000	40,594
Total rate-sensitive liabilities	1,502,878	239,461	463,476	201,255	2,407,070
Interest rate sensitivity gap by period	$ (397,136)	$ 110,627	$ 542,690	$ 106,150	
Cumulative rate sensitivity gap	(397,136)	(286,509)	256,181	362,331	
Cumulative rate sensitivity gap ratio					
at December 31, 2003	73.6%	83.6%	111.6%	115.1%	
at December 31, 2002	111.8%	85.2%	98.2%	113.8%	

The Corporation had a cumulative negative gap of $286,509,000 in the one-year horizon at December 31, 2003, just over 9.3 percent of total assets.

The Corporation places its greatest credence in net interest income simulation modeling. The above GAP/Interest Rate Sensitivity Report is believed by the Corporation's management to have two major shortfalls. The GAP/Interest Rate Sensitivity Report fails to precisely gauge how often an interest rate sensitive product reprices, nor is it able to measure the magnitude of potential future rate movements.

Net interest income simulation modeling, or earnings-at-risk, measures the sensitivity of net interest income to various interest rate movements. The Corporation's asset liability process monitors simulated net interest income under three separate interest rate scenarios; base, rising and falling. Estimated net interest income for each scenario is calculated over a 12-month horizon. The immediate and parallel changes to the base case scenario used in the model are presented below. The interest rate scenarios are used for analytical purposes and do not necessarily represent management's view of future market movements. Rather, these are intended to provide a measure of the degree of volatility interest rate movements may introduce into the earnings of the Corporation.

The base scenario is highly dependent on numerous assumptions embedded in the model, including assumptions related to future interest rates. While the base sensitivity analysis incorporates management's best estimate of interest rate and balance sheet dynamics under various market rate movements, the actual behavior and resulting earnings impact will likely differ from that projected. For mortgage-related assets, the base simulation model captures the expected prepayment behavior under changing interest rate environments. Assumptions and methodologies regarding the interest rate or balance behavior of indeterminate