

AMERISERV FINANCIAL INC /PA/

Form 8-K

January 25, 2011

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) January 25, 2011

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 operation and financial condition.

AMERISERV FINANCIAL Inc. (the "Registrant") announced fourth quarter and full year results through December 31, 2010. For a more detailed description of the announcement see the press release attached as Exhibit #99.1.

Exhibits

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Exhibit 99.1

Press release dated January 25, 2011, announcing the fourth quarter and full year results through December 31, 2010.

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

Executive Vice President

& CFO

Date: January 25, 2011

Exhibit 99.1

**AMERISERV FINANCIAL REPORTS EARNINGS FOR THE FOURTH QUARTER AND FULL YEAR OF 2010**

JOHNSTOWN, PA AmeriServ Financial, Inc. (NASDAQ: ASRV) reported its strongest quarterly earnings of 2010 in the fourth quarter by posting net income of \$1.1 million or \$0.04 per diluted common share. This represents a significant improvement of \$2.8 million from the fourth quarter 2009 net loss of \$1.7 million or (\$0.09) per diluted common share. For the year ended December 31, 2010, the Company reported net income of \$1.3 million or \$0.01 per diluted share which also represents an increase of \$6.2 million when compared with the net loss of \$4.9 million or (\$0.28) per diluted common share reported for the full year of 2009. The following table highlights the Company's financial performance for both the quarters and years ended December 31, 2010 and 2009:

|                               | Fourth Quarter<br>2010 | Fourth Quarter<br>2009 | Year Ended<br>December 31, 2010 | Year Ended<br>December 31, 2009 |
|-------------------------------|------------------------|------------------------|---------------------------------|---------------------------------|
| Net income (loss)             | \$1,114,000            | (\$1,679,000)          | \$1,282,000                     | (\$4,895,000)                   |
| Diluted earnings per<br>share | \$ 0.04                | ( \$ 0.09)             | \$ 0.01                         | (\$0.28)                        |

Glenn L. Wilson, President and Chief Executive Officer, commented on the 2010 financial results: Improvements in asset quality were a key factor causing our increased earnings in 2010. I was particularly pleased that as a result of successful ongoing problem credit resolution efforts, there was an \$11 million decrease in non-performing assets during the fourth quarter of 2010. Only \$1 million of this decline in non-performing assets related to actual loan losses realized through net charge-offs. Additionally, our fourth quarter 2010 earnings included stable net interest margin performance and a record quarter of residential mortgage loan production that contributed to our strongest quarterly non-interest revenue in 2010. AmeriServ Financial enters 2011 with a conservatively positioned balance sheet that is supported by strong capital, excellent liquidity, and reserves that provide solid coverage of problem loans.

The Company's net interest income declined modestly in 2010 by \$207,000 in the fourth quarter and by only \$92,000 or 0.28% for the full year of 2010 when compared to the same periods in 2009. Careful management of funding costs during a period when interest revenues declined and the balance sheet contracted allowed the Company to increase its net interest margin by seven basis points to average 3.79% for the full year of 2010. This solid net interest margin performance is reflective of the Company's strong liquidity position and its ability to reduce its funding costs during a period of deposit growth. Specifically, total deposits averaged \$803 million for the full year of 2010, an increase of \$41 million or 5.3% over 2009. Growth in non-interest bearing demand deposits was even greater at 7.4%. The Company believes that uncertainties in the economy have contributed to growth in money market accounts,

certificates of deposit and demand deposits as consumers and businesses have looked for safety in well capitalized community banks like AmeriServ Financial. Overall, total loans have declined by \$45 million or 6.2% since December 31, 2009 as the Company has successfully focused on reducing its commercial real estate exposure and non-performing assets during this period of economic weakness.

The improvements in asset quality evidenced by lower levels of non-performing assets and classified loans allowed the Company to reduce its provision for loan losses in 2010 while still increasing coverage ratios. During the fourth quarter, total non-performing assets decreased by \$10.9 million to \$14.4 million or 2.12% of total loans as a result of successful resolution efforts. As a result of this improvement, the Company did not record a provision for loan losses in the fourth quarter of 2010 compared to a \$3.8 million provision in the fourth quarter of 2009. For the year ended December 31, 2010, the Company recorded a \$5.3 million provision for loan losses compared to a \$15.2 million provision for the 2009 year, or a decrease of \$9.9 million. Actual credit losses realized through charge-offs in 2010 approximated the provision level but are higher than the prior year. For the full year 2010, net charge-offs amounted to \$5.2 million or 0.74% of total loans compared to net charge-offs of \$4.4 million or 0.60% of total loans for the full year 2009. The higher charge-offs in 2010 largely relate to two non-performing commercial real-estate loans, one of which was completely resolved in the first quarter (\$1.2 million charge-off) and the second of which relates to a student housing project (\$2.4 million charge-off) which the Company fully resolved through a note sale during the fourth quarter of 2010. When determining the provision for loan losses, the Company considers a number of factors some of which include periodic credit reviews, non-performing, delinquency and charge-off trends, concentrations of credit, loan volume trends and broader local and national economic trends. In summary, the allowance for loan losses provided 145% coverage of non-performing loans and was 2.91% of total loans at December 31, 2010, compared to 115% of non-performing loans and 2.72% of total loans at December 31, 2009.

The Company's non-interest income in the fourth quarter of 2010 increased by \$344,000 from the prior year's fourth quarter and for the full year 2010 was relatively consistent with 2009 as it increased by \$39,000. The largest factor causing the improvement in 2010 was increased revenue generated on residential mortgage loan sales into the secondary market. As a result of increased mortgage loan production, the realized gain on loan sales was \$233,000 higher in the fourth quarter of 2010 and \$307,000 higher for the full year 2010 when compared to the same 2009 periods. This increased residential mortgage loan production also contributed to the \$122,000 fourth quarter increase in other income due to higher underwriting and document preparation fees. The largest item negatively impacting both periods was a reduced level of deposit service charges which were down \$138,000 in the fourth quarter and \$485,000 for the full year 2010. Customers have maintained higher balances in their checking accounts which have resulted in fewer overdraft fees in 2010. Additionally, the fourth quarter 2010 deposit service charges were also fully impacted by regulatory changes which took effect in mid-August and are designed to limit customer overdraft fees on debit card transactions.

Total non-interest expense in the fourth quarter of 2010 decreased by \$420,000 from the prior year's fourth quarter but for the full year 2010 increased by \$540,000 or 1.4% when compared to the 2009 year. The largest item responsible for the fourth quarter decline was a reduced level of other real estate owned expense in 2010. For the full year 2010, total salaries and benefits were up by \$1.1 million or 5.2% as a result of higher medical insurance costs, increased pension expense, and greater incentive compensation expense reflecting greater commission payments related to the residential mortgage activity. Professional fees were also up for the full year 2010 by \$331,000 or 8.2% due to increased consulting expenses and recruitment costs in the Trust company and higher legal fees and loan workout costs at the Bank.

ASRV had total assets of \$949 million and shareholders' equity of \$107 million or a book value of \$4.07 per common share at December 31, 2010. The Company continued to maintain strong capital ratios that considerably exceed the regulatory defined well capitalized status with a risk based capital ratio of 16.54%, an asset leverage ratio of 11.20% and a tangible common equity to tangible assets ratio of 7.94% at December 31, 2010.

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

Nasdaq: ASRV

SUPPLEMENTAL FINANCIAL PERFORMANCE DATA

December 31, 2010

(In thousands, except per share and ratio data)

(Unaudited)

2010

|                                     | 1QTR    | 2QTR  | 3QTR  | 4QTR    | YEAR<br>TO DATE |
|-------------------------------------|---------|-------|-------|---------|-----------------|
| PERFORMANCE DATA FOR THE<br>PERIOD: |         |       |       |         |                 |
| Net income (loss)                   | \$(918) | \$477 | \$609 | \$1,114 | \$1,282         |



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Net income (loss) available to common

|              |         |     |     |     |     |
|--------------|---------|-----|-----|-----|-----|
| shareholders | (1,181) | 215 | 346 | 852 | 232 |
|--------------|---------|-----|-----|-----|-----|

PERFORMANCE PERCENTAGES

(annualized):

|                          |         |       |       |       |       |
|--------------------------|---------|-------|-------|-------|-------|
| Return on average assets | (0.39)% | 0.20% | 0.25% | 0.46% | 0.13% |
|--------------------------|---------|-------|-------|-------|-------|

|                          |        |      |      |      |      |
|--------------------------|--------|------|------|------|------|
| Return on average equity | (3.47) | 1.79 | 2.24 | 4.06 | 1.19 |
|--------------------------|--------|------|------|------|------|

|                     |      |      |      |      |      |
|---------------------|------|------|------|------|------|
| Net interest margin | 3.78 | 3.83 | 3.70 | 3.70 | 3.79 |
|---------------------|------|------|------|------|------|

Net charge-offs as a percentage of

|               |      |      |      |      |      |
|---------------|------|------|------|------|------|
| average loans | 0.69 | 1.13 | 0.56 | 0.57 | 0.74 |
|---------------|------|------|------|------|------|

Loan loss provision as a percentage of

|               |     |      |      |   |      |
|---------------|-----|------|------|---|------|
| average loans | .72 | 0.68 | 0.57 | - | 0.75 |
|---------------|-----|------|------|---|------|

|                  |       |       |       |       |       |
|------------------|-------|-------|-------|-------|-------|
| Efficiency ratio | 85.42 | 84.33 | 84.67 | 88.18 | 85.66 |
|------------------|-------|-------|-------|-------|-------|

PER COMMON SHARE:

Net income (loss):

|       |          |        |        |        |        |
|-------|----------|--------|--------|--------|--------|
| Basic | \$(0.06) | \$0.01 | \$0.02 | \$0.04 | \$0.01 |
|-------|----------|--------|--------|--------|--------|

Average number of common shares

|             |        |        |        |        |        |
|-------------|--------|--------|--------|--------|--------|
| outstanding | 21,224 | 21,224 | 21,224 | 21,224 | 21,224 |
|-------------|--------|--------|--------|--------|--------|

|         |        |      |      |      |      |
|---------|--------|------|------|------|------|
| Diluted | (0.06) | 0.01 | 0.02 | 0.04 | 0.01 |
|---------|--------|------|------|------|------|

Average number of common shares

|             |        |        |        |        |        |
|-------------|--------|--------|--------|--------|--------|
| outstanding | 21,224 | 21,245 | 21,225 | 21,224 | 21,226 |
|-------------|--------|--------|--------|--------|--------|

2009

|  | 1QTR | 2QTR | 3QTR | 4QTR | YEAR<br>TO DATE |
|--|------|------|------|------|-----------------|
|--|------|------|------|------|-----------------|

PERFORMANCE DATA FOR THE PERIOD:

|            |       |         |           |           |           |
|------------|-------|---------|-----------|-----------|-----------|
| Net income | \$533 | \$(939) | \$(2,810) | \$(1,679) | \$(4,895) |
|------------|-------|---------|-----------|-----------|-----------|

Net income available to common

|              |     |         |         |         |         |
|--------------|-----|---------|---------|---------|---------|
| shareholders | 274 | (1,202) | (3,073) | (1,941) | (5,942) |
|--------------|-----|---------|---------|---------|---------|

PERFORMANCE PERCENTAGES

(annualized):

|                          |       |         |         |         |         |
|--------------------------|-------|---------|---------|---------|---------|
| Return on average assets | 0.22% | (0.39)% | (1.15)% | (0.70)% | (0.51)% |
|--------------------------|-------|---------|---------|---------|---------|

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|  |        |          |          |          |          |
|--|--------|----------|----------|----------|----------|
| Return on average equity               | 1.90   | (3.29)   | (9.83)   | (6.01)   | (4.33)   |
| Net interest margin                    | 3.72   | 3.66     | 3.57     | 3.75     | 3.72     |
| Net charge-offs as a percentage of     |        |          |          |          |          |
| average loans                          | 0.03   | 0.19     | 0.35     | 1.82     | 0.60     |
| Loan loss provision as a percentage of |        |          |          |          |          |
| average loans                          | 1.02   | 1.81     | 3.42     | 2.05     | 2.09     |
| Efficiency ratio                       | 78.22  | 82.56    | 84.00    | 92.82    | 84.39    |
| PER COMMON SHARE:                      |        |          |          |          |          |
| Net income:                            |        |          |          |          |          |
| Basic                                  | \$0.01 | \$(0.06) | \$(0.15) | \$(0.09) | \$(0.28) |
| Average number of common shares        |        |          |          |          |          |
| outstanding                            | 21,137 | 21,151   | 21,178   | 21,219   | 21,172   |
| Diluted                                | 0.01   | (0.06)   | (0.15)   | (0.09)   | (0.28)   |
| Average number of common shares        |        |          |          |          |          |
| outstanding                            | 21,137 | 21,152   | 21,182   | 21,219   | 21,174   |

AMERISERV FINANCIAL, INC.

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

(Unaudited)

2010

|                                | 1QTR      | 2QTR      | 3QTR      | 4QTR      |
|--------------------------------|-----------|-----------|-----------|-----------|
| PERFORMANCE DATA AT PERIOD END |           |           |           |           |
| Assets                         | \$960,817 | \$962,282 | \$963,169 | \$948,974 |
| Short-term investment in money |           |           |           |           |
| market funds                   | 2,105     | 4,216     | 3,611     | 3,461     |
| Investment securities          | 150,073   | 157,057   | 165,291   | 172,635   |
| Loans                          | 712,929   | 693,988   | 699,394   | 678,181   |
| Allowance for loan losses      | 21,516    | 20,737    | 20,753    | 19,765    |
| Goodwill                       | 12,950    | 12,950    | 12,950    | 12,950    |
| Deposits                       | 802,201   | 809,177   | 818,150   | 801,216   |

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|                                    |             |             |             |             |
|------------------------------------|-------------|-------------|-------------|-------------|
| FHLB borrowings                    | 25,296      | 17,777      | 13,119      | 14,300      |
| Shareholders equity                | 106,393     | 108,023     | 108,391     | 107,058     |
| Non-performing assets              | 20,322      | 19,815      | 25,267      | 14,364      |
| Asset leverage ratio               | 11.01%      | 11.08%      | 11.07%      | 11.20%      |
| Tangible common equity ratio       | 7.70        | 7.83        | 7.86        | 7.94        |
| PER COMMON SHARE:                  |             |             |             |             |
| Book value (A)                     | \$4.04      | \$4.11      | \$4.13      | \$4.07      |
| Market value                       | 1.67        | 1.61        | 1.81        | 1.58        |
| Trust assets fair market value (B) | \$1,398,215 | \$1,329,495 | \$1,341,699 | \$1,366,929 |

STATISTICAL DATA AT  
PERIOD END:

|                                |            |            |            |            |
|--------------------------------|------------|------------|------------|------------|
| Full-time equivalent employees | 353        | 355        | 355        | 348        |
| Branch locations               | 18         | 18         | 19         | 18         |
| Common shares outstanding      | 21,223,942 | 21,223,942 | 21,223,942 | 21,207,670 |

2009

|  | 1QTR        | 2QTR        | 3QTR        | 4QTR        |
|--|-------------|-------------|-------------|-------------|
| PERFORMANCE DATA AT<br>PERIOD END        |             |             |             |             |
| Assets                                   | \$975,062   | \$978,899   | \$959,344   | \$970,026   |
| Short-term investment in money           |             |             |             |             |
| market funds                             | 10,817      | 7,516       | 6,565       | 3,766       |
| Investment securities                    | 138,853     | 136,119     | 138,715     | 142,883     |
| Loans                                    | 726,961     | 739,649     | 722,540     | 722,904     |
| Allowance for loan losses                | 10,661      | 13,606      | 19,255      | 19,685      |
| Goodwill and core deposit<br>intangibles | 13,498      | 13,498      | 12,950      | 12,950      |
| Deposits                                 | 746,813     | 783,807     | 779,185     | 786,011     |
| FHLB borrowings                          | 90,346      | 57,702      | 44,451      | 51,579      |
| Shareholders equity                      | 114,254     | 112,880     | 110,706     | 107,254     |
| Non-performing assets                    | 5,099       | 14,670      | 23,689      | 18,337      |
| Asset leverage ratio                     | 11.82%      | 11.61%      | 11.41%      | 11.06%      |
| Tangible common equity ratio             | 8.35        | 8.17        | 8.16        | 7.71        |
| PER COMMON SHARE:                        |             |             |             |             |
| Book value (A)                           | \$4.44      | \$4.37      | \$4.25      | \$4.09      |
| Market value                             | 1.67        | 1.85        | 1.80        | 1.67        |
| Trust assets fair market value (B)       | \$1,432,375 | \$1,376,272 | \$1,340,119 | \$1,358,570 |

STATISTICAL DATA AT  
PERIOD END:

|                                |            |            |            |            |
|--------------------------------|------------|------------|------------|------------|
| Full-time equivalent employees | 355        | 352        | 350        | 345        |
| Branch locations               | 18         | 18         | 18         | 18         |
| Common shares outstanding      | 21,144,700 | 21,156,801 | 21,215,115 | 21,221,909 |

## NOTES:

(A) Preferred stock received through the Capital Purchase Program is excluded from the book value per common share calculation.

(B) Not recognized on the balance sheet.

## AMERISERV FINANCIAL, INC.

## CONSOLIDATED STATEMENT OF INCOME

(In thousands)

(Unaudited)

2010

|  | 1QTR     | 2QTR    | 3QTR    | 4QTR    | YEAR<br>TO DATE |
|--|----------|---------|---------|---------|-----------------|
| <b>INTEREST INCOME</b>   |          |         |         |         |                 |
| Interest and fees on loans                                     | \$10,020 | \$9,984 | \$9,592 | \$9,500 | \$39,096        |
| Total investment portfolio                                     | 1,445    | 1,466   | 1,468   | 1,356   | 5,735           |
| Total Interest Income  | 11,465   | 11,450  | 11,060  | 10,856  | 44,831          |
| <b>INTEREST EXPENSE</b>  |          |         |         |         |                 |
| Deposits   | 2,927    | 2,833   | 2,668   | 2,517   | 10,945          |
| All borrowings   | 417      | 409     | 369     | 349     | 1,544           |
| Total Interest Expense   | 3,344    | 3,242   | 3,037   | 2,866   | 12,489          |
| <b>NET INTEREST INCOME</b>                                     | 8,121    | 8,208   | 8,023   | 7,990   | 32,342          |
| Provision for loan losses                                      | 3,050    | 1,200   | 1,000   | -       | 5,250           |
| <b>NET INTEREST INCOME AFTER<br/>PROVISION FOR LOAN LOSSES</b> | 5,071    | 7,008   | 7,023   | 7,990   | 27,092          |
| <b>NON-INTEREST INCOME</b>                                     |          |         |         |         |                 |

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|  |           |       |       |        |        |
|--|-----------|-------|-------|--------|--------|
| Trust fees   | 1,454     | 1,373 | 1,357 | 1,387  | 5,571  |
| Net realized gains on investment securities        | 65        | 42    | 50    | -      | 157    |
| Net realized gains on loans held for sale          | 131       | 159   | 278   | 390    | 958    |
| Service charges on deposit accounts                | 572       | 611   | 565   | 536    | 2,284  |
| Investment advisory fees                           | 187       | 167   | 171   | 188    | 713    |
| Bank owned life insurance                          | 254       | 258   | 260   | 455    | 1,227  |
| Other income                                       | 637       | 778   | 832   | 810    | 3,057  |
| Total Non-interest Income                          | 3,300     | 3,388 | 3,513 | 3,766  | 13,967 |
| NON-INTEREST EXPENSE                               |           |       |       |        |        |
| Salaries and employee benefits                     | 5,199     | 5,236 | 5,415 | 5,752  | 21,602 |
| Net occupancy expense                              | 736       | 639   | 620   | 696    | 2,691  |
| Equipment expense                                  | 418       | 427   | 401   | 434    | 1,680  |
| Professional fees                                  | 1,102     | 1,114 | 1,034 | 1,113  | 4,363  |
| FDIC deposit insurance expense                     | 331       | 341   | 430   | 473    | 1,575  |
| Other expenses                                     | 1,978     | 2,029 | 1,874 | 1,905  | 7,786  |
| Total Non-interest Expense                         | 9,764     | 9,786 | 9,774 | 10,373 | 39,697 |
| PRETAX INCOME (LOSS)                               | (1,393)   | 610   | 762   | 1,383  | 1,362  |
| Income tax expense (benefit)                       | (475)     | 133   | 153   | 269    | 80     |
| NET INCOME (LOSS)                                  | (918)     | 477   | 609   | 1,114  | 1,282  |
| Preferred stock dividends                          | 263       | 262   | 263   | 262    | 1,050  |
| NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS | \$(1,181) | \$215 | \$346 | \$852  | \$232  |

2009

|                            | 1QTR     | 2QTR     | 3QTR     | 3QTR     | YEAR<br>TO DATE |
|----------------------------|----------|----------|----------|----------|-----------------|
| INTEREST INCOME            |          |          |          |          |                 |
| Interest and fees on loans | \$10,349 | \$10,544 | \$10,247 | \$10,310 | \$41,450        |
| Total investment portfolio | 1,586    | 1,511    | 1,451    | 1,457    | 6,005           |
| Total Interest Income      | 11,935   | 12,055   | 11,698   | 11,767   | 47,455          |
| INTEREST EXPENSE           |          |          |          |          |                 |
| Deposits                   | 3,255    | 3,405    | 3,316    | 3,134    | 13,110          |
| All borrowings             | 539      | 479      | 457      | 436      | 1,911           |
| Total Interest Expense     | 3,794    | 3,884    | 3,773    | 3,570    | 15,021          |

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|   |       |           |           |           |           |
|---|-------|-----------|-----------|-----------|-----------|
| NET INTEREST INCOME                                 | 8,141 | 8,171     | 7,925     | 8,197     | 32,434    |
| Provision for loan losses                           | 1,800 | 3,300     | 6,300     | 3,750     | 15,150    |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | 6,341 | 4,871     | 1,625     | 4,447     | 17,284    |
| NON-INTEREST INCOME                                 |       |           |           |           |           |
| Trust fees  | 1,559 | 1,438     | 1,377     | 1,274     | 5,648     |
| Net realized gains on investment securities         | 101   | 63        | -         | -         | 164       |
| Net realized gains on loans held for sale           | 118   | 163       | 213       | 157       | 651       |
| Service charges on deposit accounts                 | 673   | 710       | 712       | 674       | 2,769     |
| Investment advisory fees                            | 137   | 152       | 176       | 183       | 648       |
| Bank owned life insurance                           | 250   | 254       | 258       | 446       | 1,208     |
| Other income  | 723   | 711       | 718       | 688       | 2,840     |
| Total Non-interest Income                           | 3,561 | 3,491     | 3,454     | 3,422     | 13,928    |
| NON-INTEREST EXPENSE                                |       |           |           |           |           |
| Salaries and employee benefits                      | 5,092 | 4,983     | 5,114     | 5,337     | 20,526    |
| Net occupancy expense                               | 722   | 641       | 602       | 667       | 2,632     |
| Equipment expense                                   | 415   | 442       | 398       | 437       | 1,692     |
| Professional fees                                   | 920   | 873       | 1,050     | 1,189     | 4,032     |
| FDIC deposit insurance expense                      | 32    | 691       | 311       | 636       | 1,670     |
| Amortization of core deposit intangibles            | 108   | -         | -         | -         | 108       |
| Other expenses                                      | 1,873 | 2,006     | 2,091     | 2,527     | 8,497     |
| Total Non-interest Expense                          | 9,162 | 9,636     | 9,566     | 10,793    | 39,157    |
| PRETAX INCOME (LOSS)                                | 740   | (1,274)   | (4,487)   | (2,924)   | (7,945)   |
| Income tax expense (benefit)                        | 207   | (335)     | (1,677)   | (1,245)   | (3,050)   |
| NET INCOME (LOSS)                                   | 533   | (939)     | (2,810)   | (1,679)   | (4,895)   |
| Preferred stock dividends                           | 259   | 263       | 263       | 262       | 1,047     |
| NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS  | \$274 | \$(1,202) | \$(3,073) | \$(1,941) | \$(5,942) |

AMERISERV FINANCIAL, INC.

Nasdaq: ASRV

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Average Balance Sheet Data (In thousands)

(Unaudited)

2010

2009

|  | 4QTR      | TWELVE<br>MONTHS | 4QTR      | TWELVE<br>MONTHS |
|--|-----------|------------------|-----------|------------------|
| Interest earning assets:                       |           |                  |           |                  |
| Loans and loans held for sale, net of unearned |           |                  |           |                  |
| income   | \$689,041 | \$701,502        | \$723,992 | \$725,241        |
| Deposits with banks                            | 1,790     | 1,795            | 1,772     | 1,782            |
| Short-term investment in money market funds    | 4,631     | 4,375            | 6,745     | 9,022            |
| Federal funds sold                             | 4,073     | 3,834            | 1,491     | 490              |
| Total investment securities                    | 171,379   | 161,265          | 146,164   | 146,150          |
| <br>   |           |                  |           |                  |
| Total interest earning assets                  | 870,914   | 872,771          | 880,164   | 882,685          |
| <br>   |           |                  |           |                  |
| Non-interest earning assets:                   |           |                  |           |                  |
| Cash and due from banks                        | 16,331    | 15,297           | 14,363    | 14,498           |
| Premises and equipment                         | 10,813    | 10,212           | 9,230     | 9,213            |
| Other assets                                   | 80,402    | 80,206           | 73,927    | 72,574           |
| Allowance for loan losses                      | (20,828)  | (21,218)         | (19,626)  | (13,382)         |
| <br>   |           |                  |           |                  |
| Total assets                                   | \$957,632 | \$957,268        | \$958,058 | \$965,588        |
| <br>   |           |                  |           |                  |
| Interest bearing liabilities:                  |           |                  |           |                  |
| Interest bearing deposits:                     |           |                  |           |                  |
| Interest bearing demand                        | \$57,732  | \$58,118         | \$63,828  | \$62,494         |
| Savings  | 67,419    | 77,381           | 71,789    | 72,350           |
| Money market                                   | 187,550   | 186,560          | 184,096   | 169,823          |
| Other time                                     | 371,396   | 358,472          | 349,133   | 343,841          |
| Total interest bearing deposits                | 684,097   | 680,531          | 668,846   | 648,508          |
| <br>   |           |                  |           |                  |
| Borrowings:                                    |           |                  |           |                  |
| Federal funds purchased, securities sold under |           |                  |           |                  |

agreements to repurchase, and other short-

|   |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
| term borrowings   | 3,586     | 3,119     | 11,329    | 21,028    |
| Advanced from Federal Home Loan Bank                          | 10,521    | 18,694    | 29,892    | 43,934    |
| Guaranteed junior subordinated deferrable interest debentures | 13,085    | 13,085    | 13,085    | 13,085    |
| Total interest bearing liabilities                            | 711,289   | 715,429   | 723,152   | 726,555   |
| Non-interest bearing liabilities:                             |           |           |           |           |
| Demand deposits   | 126,718   | 122,963   | 114,797   | 114,473   |
| Other liabilities   | 10,882    | 11,188    | 9,298     | 11,428    |
| Shareholders equity   | 108,743   | 107,688   | 110,811   | 113,132   |
| Total liabilities and shareholders equity                     | \$957,632 | \$957,268 | \$958,058 | \$965,588 |