

AMERISERV FINANCIAL INC /PA/

Form 8-K

January 20, 2015

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 20, 2015

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-4(c))

Form 8-K

Item 2.02 Results of operation and financial condition.

AMERISERV FINANCIAL Inc. (the "Registrant") announced fourth quarter and full year 2014 results through December 31, 2014. For a more detailed description of the announcement see the press release attached as Exhibit #99.1.

Item 8.01

Other Events.

The Company also announced that its Board of Directors had declared a cash dividend of \$0.01 per share, payable on February 17, 2015 to shareholders of record on February 2, 2015.

Exhibits

Exhibit 99.1

Press release dated January 20, 2015, announcing the fourth quarter and full year 2014 results through December 31, 2014. The Company also announced that its Board of Directors had declared a cash dividend of \$0.01 per share, payable on February 17, 2015 to shareholders of record on February 2, 2015.

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

Interim President & CEO

Date: January 20, 2015

Exhibit 99.1

AMERISERV FINANCIAL REPORTS EARNINGS FOR THE FOURTH QUARTER AND FULL YEAR OF 2014 AND DECLARES QUARTERLY COMMON STOCK DIVIDEND

JOHNSTOWN, PA AmeriServ Financial, Inc. (NASDAQ: ASRV) reported fourth quarter 2014 net income available to common shareholders of \$697,000, or \$0.04 per diluted common share. This compares to net income available to common shareholders of \$1,789,000, or \$0.09 per diluted common share, reported for the fourth quarter of 2013. For the year ended December 31, 2014, the Company reported net income available to common shareholders of \$2,813,000, or \$0.15 per diluted share. This represented a 42.3% decline in earnings per share from the full year 2013 where net income available to common shareholders totaled \$4,984,000 or \$0.26 per diluted common share. The following table highlights the Company's financial performance for both quarters and years ended December 31, 2014 and 2013:

| | Fourth Quarter 2014 | Fourth Quarter 2013 | Year Ended December 31, 2014 | Year Ended December 31, 2013 |
|--|------------------------|------------------------|---------------------------------|---------------------------------|
| Net income | \$749,000 | \$1,841,000 | \$3,023,000 | \$5,193,000 |
| Net income available to common shareholders | \$697,000 | \$1,789,000 | \$2,813,000 | \$4,984,000 |
| Diluted earnings per share | \$ 0.04 | \$ 0.09 | \$ 0.15 | \$0.26 |

Jeffrey A. Stopko, Interim President and Chief Executive Officer, commented on the fourth quarter 2014 financial results: Our fourth quarter 2014 results included a \$400,000 pension charge related to 25 employees who elected to participate in an early retirement incentive program. Since the majority of these retired employees will not be replaced, the Company expects to achieve meaningful salary and benefits expense savings in 2015. I was also pleased that we were able to grow net interest income by \$1.2 million in 2014 due to continued growth of our loan portfolio while maintaining excellent asset quality. Overall, AmeriServ Financial enters 2015 with a strong balance sheet that is well positioned for future growth.

The Company's net interest income in the fourth quarter of 2014 increased by \$134,000 from the prior year's fourth quarter and for the full year 2014 increased by \$1,183,000, or 3.6%, when compared to the full year 2013. The Company's net interest margin of 3.52% for the full year 2014 was four basis points lower than the net interest margin of 3.56% for the full year 2013. The Company has been able to mitigate this net interest margin pressure and to

increase net interest income by both growing its earning assets and reducing its cost of funds. Specifically, the earning asset growth has occurred in the loan portfolio as total loans averaged a record \$805 million for the full year 2014 which is \$58 million, or 7.8%, higher than the \$746 million average for the 2013 year. This loan growth reflects the successful results of the Company's more intensive sales calling efforts, with an emphasis on generating commercial loans and owner occupied commercial real estate loans, which qualify as Small Business Lending Fund (SBLF) loans.

As a result of this growth in SBLF qualified loans, the Company has locked in the lowest preferred dividend rate available under the program of 1% until the first quarter of 2016. Interest income in 2014 has also benefitted from reduced premium amortization on mortgage backed securities due to slower mortgage prepayment speeds. Overall, total interest income has increased by \$1,098,000 in 2014. Total interest expense for the 2014 year declined by \$85,000 from the full year 2013 due to the Company's proactive efforts to reduce deposit costs. Even with this reduction in deposit costs, the Company still experienced growth in deposits which reflects the loyalty of our core deposit base and ongoing efforts to cross sell new loan customers into deposit products. Specifically, total deposits averaged a record level of \$872 million for the full year 2014 which is \$25 million, or 3.0%, higher than the \$847 million average for the full year 2013. This decreased interest expense for deposits has been partially offset by a \$190,000 increase in the interest cost for borrowings as the Company has utilized more FHLB term advances to extend borrowings and provide protection against rising interest rates.

The Company recorded a \$375,000 provision for loan losses in the fourth quarter of 2014 compared to a negative provision for loan losses of \$1.0 million recognized in the fourth quarter of 2013. This represents an unfavorable swing of \$1,375,000 between periods and is the largest factor contributing to the lower fourth quarter earnings in 2014. The positive provision in the fourth quarter of 2014 was needed to cover net loan charge-offs and support the continuing growth of the loan portfolio. The large negative provision in the fourth quarter of 2013 resulted from the release of reserves due to the pay-off of a large classified loan and a continued reduction in the level of criticized loans and non-performing assets. For the full year 2014, the Company also recorded a \$375,000 provision for loan losses compared to a \$1.1 million negative provision for the 2013 year. The Company experienced net loan charge-offs of \$334,000, or 0.16% of total loans, in the fourth quarter of 2014 compared to net loan charge-offs of \$80,000, or 0.04% of total loans, in the fourth quarter of 2013. However, for the full year 2014 actual credit losses realized through net charge-offs totaled \$856,000, or 0.11% of total loans, which represents a decrease from the 2013 year when net charge-offs totaled \$1.4 million, or 0.18% of total loans. Overall, for the 2014 year, the Company continued to maintain outstanding asset quality. At December 31, 2014, non-performing assets totaled \$2.9 million, or only 0.35% of total loans, which represents the first time that our non-performing assets have been under \$3 million since 2007.

When determining the provision for loan losses, the Company considers a number of factors, some of which include periodic credit reviews, non-performing assets, loan 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 a strong 400% coverage of non-performing loans, and 1.16% of total loans, at December 31, 2014, compared to 327% coverage of non-performing loans, and 1.29% of total loans, at December 31, 2013.

Total non-interest income in the fourth quarter of 2014 decreased by \$307,000 from the prior year's fourth quarter and for the full year 2014 decreased by \$1.4 million, or 9.0%, when compared to the full year 2013. The primary factors causing the fourth quarter 2014 decline were a \$93,000 decrease in deposit service charges and a \$61,000 decrease in trust and investment advisory fees. The decline in deposit service charges was due to fewer overdraft charges and account analysis fees as customers have generally maintained higher balances in their checking accounts in 2014. The decline in trust and investment advisory fees was caused by the loss of certain clients at our investment advisory subsidiary due to the departure of the former chief executive officer of that business line earlier in 2014. The largest factor contributing to the \$1.4 million decline in non-interest income for the full year 2014 was reduced revenue from residential mortgage banking activities due to lower refinance activity as a result of higher mortgage rates and reduced purchase activity, particularly in the first quarter of 2014. This caused gains realized on residential mortgage loan

sales into the secondary market and other mortgage related fees to decrease by a total of \$525,000 for the 2014 year. Other factors contributing to the non-interest income decline for the full year 2014 included a \$249,000 decrease in bank owned life insurance revenue due largely to the receipt of a death claim in 2013, a \$226,000 reduction in financial services commission revenue, and a net unfavorable swing of \$140,000 on other real estate owned property transactions.

Total non-interest expense in the fourth quarter of 2014 increased by \$24,000 from the prior year's fourth quarter and for the full year 2014 increased by \$1.1 million, or 2.7%, when compared to the full year 2013. The item responsible for the fourth quarter 2014 increase was a \$400,000 pension charge related to 25 employees who elected to participate in an early retirement incentive program. Without this charge, non-interest expense would have declined in the fourth quarter of 2014 as savings from our previously announced profitability improvement program are beginning to take hold. The largest factors contributing to the \$1.1 million increase in non-interest expense for the full year 2014 included a \$669,000 goodwill impairment charge and a \$1.1 million increase in professional fees. As previously disclosed, the Company recorded the goodwill impairment charge in the third quarter of 2014 as a loss of clients caused a reduction in the projected earnings capacity of our investment advisory subsidiary. The increased professional fees in 2014 were due to higher legal costs related to litigation against the former CEO of our investment advisory subsidiary, the consulting costs associated with our profitability improvement project and new recurring costs related to outsourcing our computer operations and statement processing to a third party vendor. The overall cost savings benefit from outsourcing these services is captured in lower personnel costs in these departments and reduced software expense, which is a key factor contributing to the decline in other expenses of \$541,000 for the full year 2014. Finally, the Company recorded an income tax expense of \$1.6 million, or an effective tax rate of 34.6%, for the 2014 year compared to income tax expense of \$2.3 million, or an effective tax rate of 30.6%, for the 2013 year. The higher effective tax rate in 2014 was primarily due to the non-deductibility of the goodwill impairment charge for tax purposes.

The Company had total assets of \$1.09 billion, shareholders' equity of \$114 million, a book value of \$4.97 per common share and a tangible book value of \$4.33 per common share at December 31, 2014. The Company continued to maintain strong capital ratios that exceed the regulatory defined well capitalized status with a risk based capital ratio of 14.80%, an asset leverage ratio of 11.34% and a tangible common equity to tangible assets ratio of 7.56% at December 31, 2014.

QUARTERLY COMMON STOCK DIVIDEND

The Company also announced that its Board of Directors declared a \$0.01 per share quarterly common stock cash dividend. The cash dividend is payable February 17, 2015 to shareholders of record on February 2, 2015. This cash dividend represents a 1.3% annualized yield using the January 13, 2015 closing common stock price of \$3.02. For the full year 2014, the Company's dividend payout ratio was 26.7%.

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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, 2014

(In thousands, except per share and ratio data)

(Unaudited)

2014

| | 1QTR | 2QTR | 3QTR | 4QTR | YEAR TO DATE |
|---|--------|--------|--------|--------|-----------------|
| PERFORMANCE DATA FOR THE PERIOD: | | | | | |
| Net income | \$930 | \$979 | \$365 | \$749 | \$3,023 |
| Net income available to common shareholders | 877 | 927 | 312 | 697 | 2,813 |
| PERFORMANCE PERCENTAGES (annualized): | | | | | |
| Return on average assets | 0.36% | 0.37% | 0.14% | 0.28% | 0.29% |
| Return on average equity | 3.30 | 3.41 | 1.25 | 2.54 | 2.61 |
| Net interest margin | 3.56 | 3.47 | 3.42 | 3.49 | 3.52 |
| Net charge-offs (recoveries) as a percentage of average loans | - | (0.02) | 0.28 | 0.16 | 0.11 |
| Loan loss provision (credit) as a percentage of average loans | - | - | - | 0.18 | 0.05 |
| Efficiency ratio | 89.02 | 88.29 | 93.68 | 87.58 | 89.63 |
| PER COMMON SHARE: | | | | | |
| Net income: | | | | | |
| Basic | \$0.05 | \$0.05 | \$0.02 | \$0.04 | \$0.15 |
| Average number of common shares outstanding | 18,786 | 18,795 | 18,795 | 18,795 | 18,793 |
| Diluted | 0.05 | 0.05 | 0.02 | 0.04 | 0.15 |
| Average number of common shares outstanding | 18,904 | 18,936 | 18,908 | 18,887 | 18,908 |

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| | | | | | |
|-------------------------|--------|--------|--------|--------|--------|
| Cash dividends declared | \$0.01 | \$0.01 | \$0.01 | \$0.01 | \$0.04 |
|-------------------------|--------|--------|--------|--------|--------|

2013

| | 1QTR | 2QTR | 3QTR | 4QTR | YEAR TO DATE |
|---|---------|---------|---------|---------|-----------------|
| PERFORMANCE DATA FOR THE PERIOD: | | | | | |
| Net income | \$1,056 | \$1,070 | \$1,226 | \$1,841 | \$5,193 |
| Net income available to common shareholders | 1,004 | 1,018 | 1,173 | 1,789 | 4,984 |
| PERFORMANCE PERCENTAGES (annualized): | | | | | |
| Return on average assets | 0.43% | 0.43% | 0.47% | 0.70% | 0.51% |
| Return on average equity | 3.86 | 3.86 | 4.44 | 6.57 | 4.69 |
| Net interest margin | 3.59 | 3.50 | 3.46 | 3.57 | 3.56 |
| Net charge-offs (recoveries) as a percentage of average loans | 0.76 | (0.02) | (0.02) | 0.04 | 0.18 |
| Loan loss provision (credit) as a percentage of average loans | (0.14) | 0.08 | - | (0.51) | (0.15) |
| Efficiency ratio | 89.52 | 86.28 | 85.41 | 86.17 | 86.83 |
| PER COMMON SHARE: | | | | | |
| Net income: | | | | | |
| Basic | \$0.05 | \$0.05 | \$0.06 | \$0.10 | \$0.26 |
| Average number of common shares outstanding | 19,168 | 19,039 | 18,784 | 18,784 | 18,942 |
| Diluted | 0.05 | 0.05 | 0.06 | 0.09 | 0.26 |
| Average number of common shares outstanding | 19,257 | 19,128 | 18,878 | 18,879 | 19,034 |
| Cash dividends declared | \$0.00 | \$0.01 | \$0.01 | \$0.01 | \$0.03 |

AMERISERV FINANCIAL, INC.

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

(Unaudited)

2014

| | 1QTR | 2QTR | 3QTR | 4QTR |
|---|-------------|-------------|-------------|-------------|
| FINANCIAL CONDITION DATA AT PERIOD END | | | | |
| Assets | \$1,051,108 | \$1,063,717 | \$1,070,431 | \$1,089,263 |
| Short-term investments/overnight funds | 9,019 | 8,013 | 6,662 | 9,092 |
| Investment securities | 154,754 | 153,603 | 150,471 | 146,950 |
| Loans and loans held for sale | 789,620 | 804,675 | 817,887 | 832,131 |
| Allowance for loan losses | 10,109 | 10,150 | 9,582 | 9,623 |
| Goodwill | 12,613 | 12,613 | 11,944 | 11,944 |
| Deposits | 875,333 | 873,908 | 872,170 | 869,881 |
| FHLB borrowings | 40,483 | 52,677 | 63,438 | 80,880 |
| Shareholders equity | 114,590 | 115,946 | 116,146 | 114,407 |
| Non-performing assets | 3,274 | 4,469 | 3,897 | 2,917 |
| Asset leverage ratio | 11.50% | 11.56% | 11.44% | 11.34% |
| Tangible common equity ratio | 7.80 | 7.83 | 7.86 | 7.56 |
| PER COMMON SHARE: | | | | |
| Book value (A) | \$4.97 | \$5.05 | \$5.06 | \$4.97 |
| Tangible book value (A) | 4.31 | 4.38 | 4.43 | 4.33 |
| Market value | 3.85 | 3.48 | 3.30 | 3.13 |
| Trust assets fair market value (B) | \$1,692,663 | \$1,778,522 | \$1,774,988 | \$1,784,278 |

STATISTICAL DATA AT
PERIOD END:

| | | | | |
|--------------------------------|------------|------------|------------|------------|
| Full-time equivalent employees | 347 | 345 | 341 | 314 |
| Branch locations | 18 | 17 | 17 | 17 |
| Common shares outstanding | 18,793,388 | 18,794,888 | 18,794,888 | 18,794,888 |

2013

| | 1QTR | 2QTR | 3QTR | 4QTR |
|---|-----------|-------------|-------------|-------------|
| FINANCIAL CONDITION DATA AT PERIOD END | | | | |
| Assets | \$999,718 | \$1,025,084 | \$1,038,144 | \$1,056,036 |
| Short-term investments/overnight funds | 23,995 | 9,291 | 8,646 | 9,778 |
| Investment securities | 162,866 | 168,284 | 167,110 | 160,165 |
| Loans and loans held for sale | 717,852 | 751,522 | 763,681 | 786,748 |
| Allowance for loan losses | 10,960 | 11,145 | 11,183 | 10,104 |
| Goodwill | 12,613 | 12,613 | 12,613 | 12,613 |

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| | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|
| Deposits | 847,189 | 840,272 | 852,211 | 854,522 |
| FHLB borrowings | 16,000 | 50,292 | 52,096 | 66,555 |
| Shareholders equity | 111,445 | 109,282 | 110,370 | 113,307 |
| Non-performing assets | 4,387 | 5,027 | 5,037 | 4,109 |
| Asset leverage ratio | 11.58% | 11.52% | 11.44% | 11.45% |
| Tangible common equity ratio | 7.88 | 7.47 | 7.48 | 7.64 |
| PER COMMON SHARE: | | | | |
| Book value (A) | \$4.72 | \$4.70 | \$4.76 | \$4.91 |
| Tangible book value (A) | 4.06 | 4.03 | 4.09 | 4.24 |
| Market value | 3.13 | 2.74 | 3.15 | 3.03 |
| Trust assets fair market value (B) | \$1,566,236 | \$1,562,366 | \$1,599,402 | \$1,668,654 |

STATISTICAL DATA AT
PERIOD END:

| | | | | |
|--------------------------------|------------|------------|------------|------------|
| Full-time equivalent employees | 357 | 360 | 358 | 352 |
| Branch locations | 18 | 18 | 18 | 18 |
| Common shares outstanding | 19,168,188 | 18,784,188 | 18,784,188 | 18,784,188 |

NOTES:

(A)

Preferred stock of \$21 million received through the Small Business Lending Fund is excluded from the book value per common share and tangible book value per common share calculations.

(B) Not recognized on the consolidated balance sheets.

AMERISERV FINANCIAL, INC.

CONSOLIDATED STATEMENT OF INCOME

(In thousands)

(Unaudited)

2014

| | 1QTR | 2QTR | 3QTR | 4QTR | YEAR TO DATE |
|----------------------------|---------|---------|---------|---------|--------------------|
| INTEREST INCOME | | | | | |
| Interest and fees on loans | \$9,032 | \$8,939 | \$9,019 | \$9,352 | \$36,342 |
| Interest on investments | 1,063 | 1,044 | 1,000 | 992 | 4,099 |

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| | | | | | |
|---|--------------|--------------|--------------|--------------|---------------|
| Total Interest Income | 10,095 | 9,983 | 10,019 | 10,344 | 40,441 |
| INTEREST EXPENSE | | | | | |
| Deposits | 1,211 | 1,240 | 1,237 | 1,201 | 4,889 |
| All borrowings | 359 | 359 | 379 | 411 | 1,508 |
| Total Interest Expense | 1,570 | 1,599 | 1,616 | 1,612 | 6,397 |
| NET INTEREST INCOME | 8,525 | 8,384 | 8,403 | 8,732 | 34,044 |
| Provision (credit) for loan losses | - | - | - | 375 | 375 |
| NET INTEREST INCOME AFTER | | | | | |
| PROVISION (CREDIT) FOR LOAN | | | | | |
| LOSSES | 8,525 | 8,384 | 8,403 | 8,357 | 33,669 |
| NON-INTEREST INCOME | | | | | |
| Trust and investment advisory fees | 2,032 | 1,948 | 1,807 | 1,978 | 7,765 |
| Service charges on deposit accounts | 478 | 501 | 507 | 471 | 1,957 |
| Net realized gains on loans held for sale | 101 | 171 | 275 | 201 | 748 |
| Mortgage related fees | 117 | 160 | 190 | 123 | 590 |
| Net realized gains on investment securities | 57 | 120 | - | - | 177 |
| Bank owned life insurance | 187 | 185 | 188 | 189 | 749 |
| Other income | 560 | 553 | 626 | 598 | 2,337 |
| Total Non-Interest Income | 3,532 | 3,638 | 3,593 | 3,560 | 14,323 |
| NON-INTEREST EXPENSE | | | | | |
| Salaries and employee benefits | 6,314 | 6,107 | 6,139 | 6,400 | 24,960 |
| Net occupancy expense | 839 | 717 | 709 | 699 | 2,964 |
| Equipment expense | 470 | 494 | 468 | 460 | 1,892 |
| Professional fees | 1,308 | 1,464 | 1,360 | 1,277 | 5,409 |
| FDIC deposit insurance expense | 160 | 154 | 159 | 163 | 636 |
| Goodwill impairment charge | - | - | 669 | - | 669 |
| Other expenses | 1,647 | 1,684 | 1,739 | 1,771 | 6,841 |
| Total Non-Interest Expense | 10,738 | 10,620 | 11,243 | 10,770 | 43,371 |
| PRETAX INCOME | 1,319 | 1,402 | 753 | 1,147 | 4,621 |
| Income tax expense | 389 | 423 | 388 | 398 | 1,598 |
| NET INCOME | 930 | 979 | 365 | 749 | 3,023 |
| Preferred stock dividends | 53 | 52 | 53 | 52 | 210 |

| | | | | | |
|--|-------|-------|-------|-------|---------|
| NET INCOME AVAILABLE TO COMMON SHAREHOLDERS | \$877 | \$927 | \$312 | \$697 | \$2,813 |
|--|-------|-------|-------|-------|---------|

2013

| | 1QTR | 2QTR | 3QTR | 4QTR | YEAR TO DATE |
|--|---------|---------|---------|---------|-----------------|
| INTEREST INCOME | | | | | |
| Interest and fees on loans | \$8,628 | \$8,590 | \$8,765 | \$9,137 | \$35,120 |
| Interest on investments | 1,074 | 1,037 | 1,046 | 1,066 | 4,223 |
| Total Interest Income | 9,702 | 9,627 | 9,811 | 10,203 | 39,343 |
| INTEREST EXPENSE | | | | | |
| Deposits | 1,350 | 1,288 | 1,274 | 1,252 | 5,164 |
| All borrowings | 310 | 318 | 337 | 353 | 1,318 |
| Total Interest Expense | 1,660 | 1,606 | 1,611 | 1,605 | 6,482 |
| NET INTEREST INCOME | 8,042 | 8,021 | 8,200 | 8,598 | 32,861 |
| Provision (credit) for loan losses | (250) | 150 | - | (1,000) | (1,100) |
| NET INTEREST INCOME AFTER PROVISION (CREDIT) FOR LOAN | | | | | |

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| | | | | | |
|---|---------|---------|---------|---------|---------|
| LOSSES | 8,292 | 7,871 | 8,200 | 9,598 | 33,961 |
| NON-INTEREST INCOME | | | | | |
| Trust and investment advisory fees | 1,881 | 1,999 | 1,893 | 2,039 | 7,812 |
| Service charges on deposit accounts | 511 | 538 | 560 | 564 | 2,173 |
| Net realized gains on loans held for sale | 386 | 241 | 285 | 177 | 1,089 |
| Mortgage related fees | 201 | 228 | 212 | 133 | 773 |
| Net realized gains on investment securities | 71 | - | 66 | 67 | 204 |
| Bank owned life insurance | 201 | 388 | 204 | 205 | 998 |
| Other income | 565 | 681 | 766 | 682 | 2,695 |
| Total Non-Interest Income | 3,816 | 4,075 | 3,986 | 3,867 | 15,744 |
| NON-INTEREST EXPENSE | | | | | |
| Salaries and employee benefits | 6,331 | 6,176 | 6,251 | 6,357 | 25,115 |
| Net occupancy expense | 773 | 751 | 694 | 719 | 2,937 |
| Equipment expense | 455 | 455 | 429 | 512 | 1,851 |
| Professional fees | 1,035 | 1,150 | 1,034 | 1,108 | 4,327 |
| FDIC deposit insurance expense | 134 | 151 | 152 | 174 | 611 |
| Other expenses | 1,894 | 1,759 | 1,853 | 1,876 | 7,382 |
| Total Non-Interest Expense | 10,622 | 10,442 | 10,413 | 10,746 | 42,223 |
| PRETAX INCOME | | | | | |
| | 1,486 | 1,504 | 1,773 | 2,719 | 7,482 |
| Income tax expense | 430 | 434 | 547 | 878 | 2,289 |
| NET INCOME | 1,056 | 1,070 | 1,226 | 1,841 | 5,193 |
| Preferred stock dividends | 52 | 52 | 53 | 52 | 209 |
| NET INCOME AVAILABLE TO COMMON SHAREHOLDERS | | | | | |
| | \$1,004 | \$1,018 | \$1,173 | \$1,789 | \$4,984 |

AMERISERV FINANCIAL, INC.

NASDAQ: ASRV

Average Balance Sheet Data (In thousands)

(Unaudited)

2014

2013

| | 4QTR | TWELVE MONTHS | 4QTR | TWELVE MONTHS |
|---|-------------|------------------|-------------|------------------|
| Interest earning assets: | | | | |
| Loans and loans held for sale, net of unearned income | \$827,613 | \$804,721 | \$775,273 | \$746,490 |
| Deposits with banks | 8,186 | 7,227 | 6,504 | 8,027 |
| Short-term investment in money market funds | 1,235 | 1,243 | 2,709 | 3,260 |
| Fed funds sold | - | - | - | 79 |
| Total investment securities | 153,000 | 157,238 | 168,084 | 168,521 |
| Total interest earning assets | 990,034 | 970,429 | 952,570 | 926,377 |
| Non-interest earning assets: | | | | |
| Cash and due from banks | 16,254 | 16,919 | 17,022 | 16,795 |
| Premises and equipment | 13,310 | 13,282 | 13,389 | 12,839 |
| Other assets | 68,787 | 69,423 | 71,386 | 75,360 |
| Allowance for loan losses | (9,501) | (9,951) | (11,020) | (11,434) |
| Total assets | \$1,078,884 | \$1,060,102 | \$1,043,347 | \$1,019,937 |

Interest bearing liabilities:

Interest bearing deposits:

| | | | | |
|---------------------------------|-----------|----------|----------|----------|
| Interest bearing demand | \$103,500 | \$97,641 | \$83,582 | \$75,126 |
| Savings | 89,274 | 89,554 | 86,892 | 87,819 |
| Money market | 225,907 | 228,150 | 217,966 | 212,735 |
| Other time | 297,783 | 300,915 | 311,731 | 312,741 |
| Total interest bearing deposits | 716,464 | 716,260 | 700,171 | 688,421 |

Borrowings:

| | | | | |
|---|---------|---------|---------|---------|
| Federal funds purchased and other short-term borrowings | 25,316 | 18,783 | 31,121 | 17,973 |
| Advances from Federal Home Loan Bank | 39,723 | 32,885 | 23,069 | 18,170 |
| Guaranteed junior subordinated deferrable interest debentures | 13,085 | 13,085 | 13,085 | 13,085 |
| Total interest bearing liabilities | 794,588 | 781,013 | 767,446 | 737,649 |

Non-interest bearing liabilities:

| | | | | |
|---|-------------|-------------|-------------|-------------|
| Demand deposits | 160,515 | 155,365 | 154,026 | 158,169 |
| Other liabilities | 6,694 | 7,969 | 10,619 | 13,378 |
| Shareholders equity | 117,087 | 115,755 | 111,256 | 110,741 |
| Total liabilities and shareholders equity | \$1,078,884 | \$1,060,102 | \$1,043,347 | \$1,019,937 |