

AMERISERV FINANCIAL INC /PA/

Form 8-K

January 25, 2005

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, 2005

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") reports fourth quarter and full year 2004 financial results. 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, 2005 reporting fourth quarter and full year 2004 financial results.

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: January 25, 2005

**Exhibit 99.1**

Jeffrey A. Stopko

January 25, 2005

Senior Vice President &

Chief Financial Officer

(814)-533-5310

**AMERISERV FINANCIAL REPORTS FOURTH QUARTER AND FULL YEAR 2004 FINANCIAL RESULTS**

JOHNSTOWN, PA AmeriServ Financial, Inc. (NASDAQ: ASRV), as expected, reported a loss of \$10.9 million or (\$0.63) per diluted share for the fourth quarter of 2004 compared to net income of \$180,000 or \$0.01 per diluted share for the fourth quarter of 2003. For the full year 2004, the Company reported a net loss of \$9.7 million or (\$0.66) per diluted share compared to net income of \$549,000 or \$0.04 per diluted share for the 2003 year. The following table highlights the Company's financial performance for both the quarters and years ended December 31, 2004 and 2003:

|                            | Fourth Quarter<br>2004 | Fourth<br>Quarter 2003 | Year Ended<br>December 31, 2004 | Year Ended<br>December 31, 2003 |
|----------------------------|------------------------|------------------------|---------------------------------|---------------------------------|
| Net income (loss)          | (\$10,941,000)         | \$180,000              | (\$9,719,000)                   | \$549,000                       |
| Diluted earnings per share | (0.63)                 | 0.01                   | (0.66)                          | 0.04                            |

The previously announced successful completion of a \$25.8 million private placement common stock offering provided the Company with the capital necessary to execute a series of transactions in the fourth quarter of 2004 which were designed to eliminate or substantially reduce structural impediments that were negatively impacting the Company's earnings growth. These transactions and their related impact on fourth quarter earnings were as follows:

1) The Company retired \$125 million in Federal Home Loan Bank (FHLB) borrowings that had a cost of approximately 6.0% and a 2010 maturity. The Company incurred a \$12.6 million pre-tax prepayment penalty to accomplish this transaction. 2) The Company redeemed \$15.3 million of its trust preferred securities that had an 8.45% annual dividend requirement. The Company wrote-off \$476,000 of unamortized issuance costs in conjunction with this transaction which is included within other expense. 3) The Company sold all remaining mortgage servicing rights and took the necessary steps to terminate operations at Standard Mortgage Corporation in Atlanta, Georgia. The Company incurred \$820,000 of closing charges as part of a \$1.1 million pre-tax loss from discontinued operations in the fourth quarter of 2004 to accomplish this transaction. 4) The Company incurred losses of \$460,000 by selling \$47 million of the longest duration securities in its investment portfolio. These sales helped provide the funds needed to retire the FHLB borrowings and shortened the duration of the investment securities portfolio. 5) The Company announced the closing of its outpost branch office in Harrisburg and incurred costs of \$170,000 in conjunction with this transaction which is reflected in other expense. The execution of these transactions combined with the capital provided from the successful private placement common stock offering strengthened the Company's balance sheet and reduced its risk profile. At December 31, 2004, the Company's asset leverage ratio improved to 9.20% compared to 7.58% at December 31, 2003.

Allan R. Dennison, President and Chief Executive Officer, commented on the fourth quarter 2004 results, "While there was considerable cost associated with executing these balance sheet repositioning strategies, it was absolutely necessary for the Company to take these corrective actions. In addition to improving the future earnings power of the Company, both the Company and subsidiary bank's capital positions have been strengthened and cash reserves have been restored at the Parent Company. We now have more resources to continue our turnaround and fully focus on community banking."

The Company's provision for loan losses totaled \$1,100,000 or 0.87% of total loans in the fourth quarter of 2004. This represented an increase of \$731,000 from the fourth quarter 2003 provision of \$384,000 or 0.31% of total loans. The fourth quarter 2004 provision was slightly higher than the net charge-offs for the quarter which totaled \$1,076,000 or 0.84% of total loans. For the full year 2004, the Company's provision for loan losses totaled \$1.7 million or 0.35% of total loans; a decrease of \$1.2 million from the full year 2003 provision of \$2.9 million or 0.56% of total loans. Net charge-offs in 2004 totaled \$3.4 million or 0.68% of total loans compared to net charge-offs of \$1.2 million or 0.22% of total loans in 2003. The higher net charge-offs in 2004 reflect \$1.0 million in charge-offs in the fourth quarter on previously identified problem credits, 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 \$3.9 million or 0.75% of total loans at December 31, 2004. The allowance for loan losses provided 254% coverage of non-performing assets at December 31, 2004 compared to 102% coverage at December 31, 2003. The allowance for loan losses as a percentage of total loans amounted to 1.89% at December 31, 2004 compared to 2.32% at December 31, 2003.

The Company's net interest income in the fourth quarter of 2004 decreased by \$178,000 from the prior year fourth quarter and for the full year 2004 declined by \$1.2 million when compared to 2003. The fourth quarter 2004 net interest margin of 2.35% was up 14 basis points from the prior year fourth quarter and up 20 basis points from the more recent third quarter of 2004. This improved net interest margin reflects some initial benefit from the deleverage of the higher cost borrowings during the fourth quarter of 2004. This deleverage of the balance sheet caused a reduction in earning assets which were \$92 million lower on average when compared to the fourth quarter of 2003. It was this decline in earning assets that caused the decrease in net interest income in the fourth quarter of 2004. The decline in net interest income for the full year 2004 also resulted from a reduced level of earning assets and a three basis point drop in the net interest margin to 2.28%. Loan portfolio shrinkage experienced during the majority of 2003 was a predominant factor contributing to both the lower level of earning assets in 2004 and the net interest margin contraction. The Company did however experience commercial loan growth during the latter part of the fourth quarter of 2004. As a result of this increased commercial loan production, the December 31, 2004 total loan balance was \$522 million, which was \$19 million or 3.8% higher than the \$503 million total at December 31, 2003.

The Company's total non-interest income decreased by \$1.1 million when the fourth quarter of 2004 is compared to the fourth quarter of 2003. The largest factor responsible for this decline was the previously mentioned \$460,000 investment security loss as compared to a \$687,000 gain realized in the fourth quarter of 2003. Total non-interest income for the full year 2004 decreased by \$3.0 million when compared to 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 \$3.0 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 \$281,000 in 2004. These negative items were partially offset by a \$370,000 increase in trust fees due to continued successful union-related new business development efforts and a \$379,000 increase in other income as a result of a gain generated on the sale of an other real estate owned property.

The Company's non-interest expense for both the fourth quarter and full year 2004 increased by approximately \$14.1 million from the same 2003 periods. The previously discussed special charges related to the FHLB prepayment penalty, the redemption of a portion of the trust preferred securities, and the closure of the Harrisburg branch office were the predominant factors causing the increased non-interest expense. The remainder of the increase relates to

higher salaries and benefits costs due to increased health insurance premiums, higher pension costs, and the payment of a lump sum bonus to union employees in the fourth quarter of 2004 as a result of the new collective bargaining agreement. Expense reductions, however, were experienced in several categories including equipment expense, professional fees, and amortization of core deposit intangibles.

The Company's fourth quarter and full year 2004 net income performance was favorably impacted by an increased income tax benefit. Specifically in 2004, the Company lowered its income tax expense by a net \$600,000 due to a reduction in reserves for prior year tax contingencies.

At December 31, 2004, ASRV had total assets of \$1.0 billion and shareholders' equity of \$85 million or \$4.32 per share. 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, 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 NMS: ASRV

SUPPLEMENTAL FINANCIAL PERFORMANCE DATA

January 25, 2005

(In thousands, except per share and ratio data)

(All quarterly and 2004 data unaudited)

2004

|                                       | 1QTR  | 2QTR  | 3QTR  | 4QTR       | YEAR<br>TO DATE |
|---------------------------------------|-------|-------|-------|------------|-----------------|
| PERFORMANCE DATA FOR THE PERIOD:      |       |       |       |            |                 |
| Net income (loss)                     | \$226 | \$254 | \$742 | (\$10,941) | (\$9,719)       |
| PERFORMANCE PERCENTAGES (annualized): |       |       |       |            |                 |
| Return on average equity              | 1.21% | 1.41% | 4.21% | (54.13)%   | (13.04)%        |
| Net interest margin                   | 2.39  | 2.25  | 2.15  | 2.35       | 2.28            |

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|  |       |       |       |        |        |
|--|-------|-------|-------|--------|--------|
| Net charge-offs as a percentage of average loans     | 0.48  | 0.48  | 0.92  | 0.84   | 0.68   |
| Loan loss provision as a percentage of average loans | 0.31  | 0.21  | -     | 0.87   | 0.35   |
| Efficiency ratio                                     | 93.83 | 94.80 | 96.89 | 295.04 | 138.03 |

PER COMMON SHARE:

Net income (loss):

|   |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|
| Basic                                       | \$0.02     | \$0.02     | \$0.05     | (\$0.64)   | (\$0.66)   |
| Average number of common shares outstanding | 13,962,010 | 13,969,211 | 13,975,838 | 17,208,353 | 14,783,297 |
| Diluted                                     | 0.02       | 0.02       | 0.05       | (0.63)     | (0.66)     |
| Average number of common shares outstanding | 14,025,836 | 14,023,577 | 14,009,952 | 17,234,647 | 14,827,931 |

2003

|                                  | 1QTR    | 2QTR  | 3QTR  | 4QTR  | YEAR<br>TO DATE |
|----------------------------------|---------|-------|-------|-------|-----------------|
| PERFORMANCE DATA FOR THE PERIOD: |         |       |       |       |                 |
| Net income (loss)                | \$(795) | \$915 | \$249 | \$180 | \$549           |

PERFORMANCE PERCENTAGES

(annualized):

|  |         |       |       |       |       |
|--|---------|-------|-------|-------|-------|
| Return on average equity                             | (4.17)% | 4.68% | 1.31% | 1.00% | 0.74% |
| Net interest margin                                  | 2.48    | 2.41  | 2.14  | 2.21  | 2.31  |
| Net charge-offs as a percentage of average loans     | 0.20    | 0.02  | 0.33  | 0.35  | 0.22  |
| Loan loss provision as a percentage of average loans | 1.19    | 0.40  | 0.30  | 0.31  | 0.56  |
| Efficiency ratio                                     | 94.98   | 84.81 | 94.05 | 95.15 | 91.98 |

PER COMMON SHARE:

Net income (loss):

|   |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|
| Basic                                       | \$(0.06)   | \$0.07     | \$0.02     | \$0.01     | \$0.04     |
| Average number of common shares outstanding | 13,923,010 | 13,935,086 | 13,945,889 | 13,954,044 | 13,939,610 |
| Diluted                                     | (0.06)     | 0.07       | 0.02       | 0.01       | 0.04       |
| Average number of common shares outstanding | 13,923,010 | 13,940,460 | 13,954,648 | 13,972,328 | 13,947,895 |



## AMERISERV FINANCIAL, INC.

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

(All quarterly and 2004 data unaudited)

2004

|                                       | 1QTR        | 2QTR        | 3QTR        | 4QTR        |
|---------------------------------------|-------------|-------------|-------------|-------------|
| PERFORMANCE DATA AT PERIOD END        |             |             |             |             |
| Assets                                | \$1,099,564 | \$1,178,406 | \$1,088,849 | \$1,009,888 |
| Investment securities                 | 504,980     | 581,553     | 488,617     | 401,019     |
| Loans                                 | 503,404     | 500,522     | 506,551     | 521,416     |
| Allowance for loan losses             | 11,379      | 10,932      | 9,827       | 9,893       |
| Goodwill and core deposit intangibles | 13,905      | 13,547      | 13,329      | 13,112      |
| Mortgage servicing rights             | 1,493       | 1,642       | 1,395       | -           |
| Deposits                              | 656,348     | 670,941     | 659,176     | 644,391     |
| Stockholders' equity                  | 77,721      | 67,213      | 73,471      | 85,219      |
| Trust assets - fair market value (B)  | 1,256,064   | 1,246,458   | 1,228,126   | 1,309,362   |
| Non-performing assets                 | 13,482      | 10,155      | 5,047       | 3,894       |
| Asset leverage ratio                  | 7.75%       | 7.71%       | 7.85%       | 9.20%       |
| PER COMMON SHARE:                     |             |             |             |             |
| Book value (A)                        | \$5.57      | \$4.81      | \$5.26      | \$4.32      |
| Market value                          | 6.10        | 5.55        | 5.00        | 5.17        |
| Market price to book value            | 109.52%     | 115.50%     | 95.13%      | 119.62%     |
| STATISTICAL DATA AT PERIOD END:       |             |             |             |             |
| Full-time equivalent employees        | 415         | 412         | 409         | 406         |
| Branch locations                      | 23          | 23          | 23          | 23          |
| Common shares outstanding             | 13,965,737  | 13,972,424  | 13,978,726  | 19,717,841  |

2003

|                                | 1QTR        | 2QTR        | 3QTR        | 4QTR        |
|--------------------------------|-------------|-------------|-------------|-------------|
| PERFORMANCE DATA AT PERIOD END |             |             |             |             |
| Assets                         | \$1,190,360 | \$1,167,610 | \$1,160,915 | \$1,147,886 |

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|                                       |           |           |           |           |
|---------------------------------------|-----------|-----------|-----------|-----------|
| 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 (B)    | 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 \$0.17 on book value per share at December 31, 2004.

(B) Not recognized on the balance sheet.

AMERISERV FINANCIAL, INC.

CONSOLIDATED STATEMENT OF INCOME

(In thousands)

(All quarterly and 2004 data unaudited)

2004

|                            | YEAR    |         |         |         |          |
|----------------------------|---------|---------|---------|---------|----------|
|                            | 1QTR    | 2QTR    | 3QTR    | 4QTR    | TO DATE  |
| INTEREST INCOME            |         |         |         |         |          |
| Interest and fees on loans | \$7,686 | \$7,675 | \$7,345 | \$7,578 | \$30,284 |
| Total investment portfolio | 5,228   | 4,943   | 5,352   | 4,284   | 19,807   |
| Total Interest Income      | 12,914  | 12,618  | 12,697  | 11,862  | 50,091   |

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|  |       |       |         |            |           |
|--|-------|-------|---------|------------|-----------|
| INTEREST EXPENSE                                     |       |       |         |            |           |
| Deposits   | 2,543 | 2,529 | 2,628   | 2,636      | 10,336    |
| All other funding sources                            | 4,164 | 4,180 | 4,418   | 3,540      | 16,302    |
| Total Interest Expense                               | 6,707 | 6,709 | 7,046   | 6,176      | 26,638    |
|  |       |       |         |            |           |
| NET INTEREST INCOME                                  | 6,207 | 5,909 | 5,651   | 5,686      | 23,453    |
| Provision for loan losses                            | 375   | 250   | -       | 1,100      | 1,725     |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES  |       |       |         |            |           |
|  | 5,832 | 5,659 | 5,651   | 4,586      | 21,728    |
|  |       |       |         |            |           |
| NON-INTEREST INCOME                                  |       |       |         |            |           |
| Trust fees   | 1,267 | 1,347 | 1,377   | 1,372      | 5,363     |
| Net realized gains (losses) on investment securities |       |       |         |            |           |
| available for sale                                   | 937   | 111   | 228     | (460)      | 816       |
| Net realized gains on loans held for sale            | 40    | 115   | 108     | 88         | 351       |
| Service charges on deposit accounts                  | 730   | 716   | 692     | 668        | 2,806     |
| Bank owned life insurance                            | 275   | 276   | 279     | 278        | 1,108     |
| Other income   | 690   | 796   | 1,385   | 697        | 3,568     |
| Total Non-interest Income                            | 3,939 | 3,361 | 4,069   | 2,643      | 14,012    |
|  |       |       |         |            |           |
| NON-INTEREST EXPENSE                                 |       |       |         |            |           |
| Salaries and employee benefits                       | 4,710 | 4,605 | 4,706   | 4,992      | 19,013    |
| Net occupancy expense                                | 712   | 653   | 620     | 651        | 2,636     |
| Equipment expense                                    | 648   | 630   | 611     | 689        | 2,578     |
| Professional fees                                    | 796   | 827   | 1,091   | 983        | 3,697     |
| FDIC deposit insurance expense                       | 72    | 71    | 72      | 72         | 287       |
| Amortization of core deposit intangibles             | 358   | 358   | 218     | 216        | 1,150     |
| FHLB prepayment penalties                            | -     | -     | -       | 12,637     | 12,637    |
| Other expenses                                       | 1,888 | 1,693 | 1,726   | 2,786      | 8,093     |
| Total Non-interest Expense                           | 9,184 | 8,837 | 9,044   | 23,026     | 50,091    |
|  |       |       |         |            |           |
| INCOME (LOSS) BEFORE INCOME TAXES                    | 587   | 183   | 676     | (15,797)   | (14,351)  |
| Provision (benefit) for income taxes                 | 127   | (53)  | (324)   | (5,588)    | (5,838)   |
| INCOME (LOSS) FROM CONTINUING OPERATIONS             |       |       |         |            |           |
|  | \$460 | \$236 | \$1,000 | (\$10,209) | (8,513)   |
|  |       |       |         |            |           |
| INCOME (LOSS) FROM DISCONTINUED OPERATIONS           |       |       |         |            |           |
|  | (234) | 18    | (258)   | (732)      | (1,206)   |
| NET INCOME (LOSS)                                    | \$226 | \$254 | \$742   | (\$10,941) | (\$9,719) |

2003

|  | 1QTR    | 2QTR    | 3QTR    | 4QTR    | YEAR<br>TO<br>DATE |
|--|---------|---------|---------|---------|--------------------|
| <b>INTEREST INCOME</b>   |         |         |         |         |                    |
| Interest and fees on loans                                     | \$9,079 | \$8,589 | \$8,040 | \$7,581 | \$33,289           |
| Total investment portfolio                                     | 5,660   | 5,630   | 5,035   | 5,372   | 21,697             |
| Total Interest Income  | 14,739  | 14,219  | 13,075  | 12,953  | 54,986             |
| <b>INTEREST EXPENSE</b>  |         |         |         |         |                    |
| Deposits   | 3,140   | 2,965   | 2,765   | 2,633   | 11,503             |
| All other funding sources                                      | 4,956   | 4,827   | 4,618   | 4,456   | 18,857             |
| Total Interest Expense   | 8,096   | 7,792   | 7,383   | 7,089   | 30,360             |
| <b>NET INTEREST INCOME</b>                                     |         |         |         |         |                    |
| Provision for loan losses                                      | 1,600   | 525     | 375     | 375     | 2,875              |
| <b>NET INTEREST INCOME AFTER<br/>PROVISION FOR LOAN LOSSES</b> |         |         |         |         |                    |
|  | 5,043   | 5,902   | 5,317   | 5,489   | 21,751             |
| <b>NON-INTEREST INCOME</b>                                     |         |         |         |         |                    |
| Trust fees   | 1,253   | 1,253   | 1,254   | 1,233   | 4,993              |
| Net realized gains on investment securities                    |         |         |         |         |                    |
| available for sale   | 1,278   | 1,420   | 402     | 687     | 3,787              |
| Net realized gains on loans held for sale                      | 173     | 221     | 165     | 73      | 632                |
| Service charges on deposit accounts                            | 767     | 800     | 812     | 801     | 3,180              |
| Bank owned life insurance                                      | 298     | 307     | 305     | 304     | 1,214              |
| Other income   | 757     | 920     | 879     | 633     | 3,189              |
| Total Non-interest Income                                      | 4,526   | 4,921   | 3,817   | 3,731   | 16,995             |
| <b>NON-INTEREST EXPENSE</b>                                    |         |         |         |         |                    |
| Salaries and employee benefits                                 | 4,517   | 4,482   | 4,520   | 4,478   | 17,997             |
| Net occupancy expense  | 706     | 658     | 636     | 635     | 2,635              |
| Equipment expense  | 745     | 684     | 629     | 636     | 2,694              |
| Professional fees  | 887     | 1,037   | 943     | 913     | 3,780              |

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|  |         |         |       |       |         |
|--|---------|---------|-------|-------|---------|
| FDIC deposit insurance expense           | 28      | 26      | 75    | 72    | 201     |
| Amortization of core deposit intangibles | 358     | 358     | 358   | 358   | 1,432   |
| Other expenses                           | 1,763   | 1,811   | 1,772 | 1,817 | 7,163   |
| Total Non-interest Expense               | 9,004   | 9,056   | 8,933 | 8,909 | 35,902  |
| <br>                                     |         |         |       |       |         |
| INCOME BEFORE INCOME TAXES               | 565     | 1,767   | 201   | 311   | 2,844   |
| Provision (benefit) for income taxes     | 183     | 493     | (53)  | (13)  | 610     |
| INCOME FROM CONTINUING                   |         |         |       |       |         |
| OPERATIONS                               | \$382   | \$1,274 | \$254 | \$324 | \$2,234 |
| LOSS FROM DISCONTINUED                   |         |         |       |       |         |
| OPERATIONS                               | (1,177) | (359)   | (5)   | (144) | (1,685) |
| NET INCOME (LOSS)                        | \$(795) | \$915   | \$249 | \$180 | \$549   |

AMERISERV FINANCIAL, INC.

Nasdaq NMS: ASRV

Average Balance Sheet Data (In thousands)

(All quarterly and 2004 data unaudited)

Note: 2003 data appears before 2004.

2003

2004

|  | 4QTR        | TWELVE<br>MONTHS | 4QTR        | TWELVE<br>MONTHS |
|--|-------------|------------------|-------------|------------------|
| Interest earning assets:   |             |                  |             |                  |
| Loans and loans held for sale, net of unearned income  | \$484,296   | \$516,250        | \$490,468   | \$493,905        |
| Deposits with banks  | 4,753       | 5,294            | 3,806       | 4,499            |
| Federal funds sold   | -           | 29               | -           | 91               |
| Total investment securities  | 573,608     | 542,189          | 562,415     | 552,867          |
| <br>   |             |                  |             |                  |
| Total interest earning assets  | 1,062,657   | 1,063,762        | 1,056,689   | 1,051,362        |
| <br>   |             |                  |             |                  |
| Non-interest earning assets:   |             |                  |             |                  |
| Cash and due from banks  | 22,387      | 22,371           | 22,021      | 21,785           |
| Premises and equipment   | 11,374      | 11,950           | 10,359      | 10,640           |
| Other assets   | 60,997      | 66,005           | 62,160      | 66,173           |
| Allowance for loan losses  | (11,866)    | (11,431)         | (10,538)    | (11,084)         |
| <br>   |             |                  |             |                  |
| Total assets   | \$1,145,549 | \$1,152,657      | \$1,140,691 | \$1,138,876      |
| <br>   |             |                  |             |                  |
| Interest bearing liabilities:  |             |                  |             |                  |
| Interest bearing deposits:   |             |                  |             |                  |
| Interest bearing demand  | \$51,881    | \$51,872         | \$54,133    | \$53,079         |
| Savings  | 103,390     | 103,450          | 104,840     | 105,565          |
| Money market   | 119,787     | 123,845          | 121,990     | 120,374          |
| Other time   | 278,618     | 282,838          | 288,747     | 280,706          |
| Total interest bearing deposits  | 553,676     | 562,005          | 569,710     | 559,724          |
| Borrowings:  |             |                  |             |                  |
| Federal funds purchased, securities sold under agreements to repurchase, and other short-term borrowings |             |                  |             |                  |
|  | 126,600     | 105,780          | 125,286     | 129,557          |
| Advanced from Federal Home Loan Bank   | 250,408     | 265,184          | 226,041     | 226,301          |
| Guaranteed junior subordinated deferrable interest debentures *  |             |                  |             |                  |
|  | 34,500      | 34,500           | 35,567      | 35,567           |
| Total interest bearing liabilities   | 965,184     | 967,469          | 956,604     | 951,149          |
| <br>   |             |                  |             |                  |
| Non-interest bearing liabilities:  |             |                  |             |                  |
| Demand deposits  | 103,038     | 104,330          | 105,819     | 106,486          |
| Other liabilities  | 5,634       | 6,461            | 8,248       | 8,633            |
| Stockholders equity  | 71,693      | 74,397           | 70,020      | 72,608           |

|   |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
| Total liabilities and stockholders equity | \$1,145,549 | \$1,152,657 | \$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.