

AMERISERV FINANCIAL INC /PA/

Form 8-K

January 19, 2016

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 19, 2016

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 2015 results through December 31, 2015. For a more detailed description of the announcement see the press release attached as Exhibit 99.1.

Exhibits

Exhibit 99.1

Press release dated January 19, 2016, announcing the fourth quarter and full year 2015 results through December 31, 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/Michael D. Lynch

Michael D. Lynch

SVP & CFO

Date: January 19, 2016

Exhibit 99.1

AMERISERV FINANCIAL REPORTS INCREASED EARNINGS FOR THE FOURTH QUARTER AND FULL YEAR OF 2015

JOHNSTOWN, PA AmeriServ Financial, Inc. (NASDAQ: ASRV) reported fourth quarter 2015 net income available to common shareholders of \$1,321,000, or \$0.07 per diluted common share. This represented a significant increase when compared to net income available to common shareholders of \$697,000, or \$0.04 per diluted common share, reported for the fourth quarter of 2014. For the year ended December 31, 2015, the Company reported net income available to common shareholders of \$5,787,000, or \$0.31 per diluted share. This represented a 107% increase in earnings per share from the full year 2014 where net income available to common shareholders totaled \$2,813,000, or \$0.15 per diluted common share. The following table highlights the Company's financial performance for both quarters and years ended December 31, 2015 and 2014:

| | Fourth Quarter 2015 | Fourth Quarter 2014 | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--|------------------------|------------------------|---------------------------------|---------------------------------|
| Net income | \$1,374,000 | \$749,000 | \$5,997,000 | \$3,023,000 |
| Net income available to common shareholders | \$1,321,000 | \$697,000 | \$5,787,000 | \$2,813,000 |
| Diluted earnings per share | \$ 0.07 | \$ 0.04 | \$ 0.31 | \$ 0.15 |

Jeffrey A. Stopko, President and Chief Executive Officer, commented on the year ended December 31, 2015 financial results: "We were able to meaningfully improve the earnings power of AmeriServ Financial Inc. in 2015 through a combination of revenue growth and non-interest expense reduction. Specifically, solid loan and deposit growth in our community banking business contributed to an increase of \$1.3 million, or 3.9%, in net interest income while increasing revenue from our trust and wealth management business contributed to 6.6% growth in non-interest income in 2015. Additionally, operating expenses declined by \$1.7 million, or 3.9%, as we improved the ongoing efficiency of the Company by successfully executing several profitability improvement initiatives."

The Company's net interest income in the fourth quarter of 2015 decreased by \$140,000 from the prior year's fourth quarter but increased by \$1,317,000, or 3.9%, for the full year of 2015 when compared to the full year 2014. The decrease in net interest income between the fourth quarter of 2015 and the prior year's fourth quarter is due to net interest margin compression as well as the 2015 fourth quarter reversal of previously recognized interest income from

a loan that was transferred into non-accrual status. The impact of the net interest margin compression is evident in the Company's net interest margin ratio which was 3.30% for the fourth quarter of 2015 and was 19 basis points lower than the net interest margin of 3.49% for the fourth quarter of 2014. Total earning assets averaged \$1.028 billion in the fourth quarter of this year, or 3.9% higher than the \$990 million average in the prior year's fourth quarter. On an annual basis, the Company's net interest income increased in 2015 when compared to 2014 as net interest margin compression was more than fully mitigated by earning asset growth, a greater level of prepayment fees on early loan payoffs and an increased dividend from the FHLB of Pittsburgh. The Company's net interest margin of 3.49% for the full year 2015 was three basis points lower than the net interest margin of 3.52% for the full year 2014. The earning asset growth occurred in the loan portfolio as total loans averaged \$857 million for the full year of 2015 which is \$52 million, or 6.5% higher than the \$805 million average for the full year of 2014. This loan growth reflects the successful results of the Company's sales calling efforts, with an emphasis on generating commercial loans and owner occupied commercial real estate loans particularly through its loan production offices in the stronger growth markets of Pittsburgh and Altoona in Pennsylvania, and Hagerstown, Maryland. Overall, total interest income decreased by \$62,000, or 0.6%, in the fourth quarter of 2015 but increased by \$1.4 million, or 3.6%, for the full year 2015.

Total interest expense has been well controlled in 2015 as it increased by \$78,000 in the fourth quarter and \$123,000, or 1.9%, for the full year of 2015 due to tight control of our cost of funds through disciplined deposit pricing. Total deposit interest expense decreased by \$137,000, or 2.8%, in 2015 when compared to last year. Even with this reduction in deposit costs, the Company continues to have a strong loyal core deposit base and success in cross-selling new loan customers into deposit products. Specifically, total deposits averaged \$893 million for full year of 2015 which is \$21 million, or 2.4%, higher than the \$872 million average in 2014. The Company is pleased that a meaningful portion of this deposit growth occurred in non-interest bearing demand deposit accounts. This decreased interest expense for deposits has been offset by a \$260,000 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 \$500,000 provision for loan losses in the fourth quarter of 2015 compared to a \$375,000 provision in the fourth quarter of 2014. The higher provision that was needed this year was largely due to the transfer into non-accrual status of a \$4.1 million loan to a customer in the fracking industry that filed for bankruptcy protection in the fourth quarter. This is the Company's only meaningful direct loan exposure to the energy industry. For the full year 2015, the Company recorded a \$1,250,000 provision for loan losses which represented an increase of \$875,000 when compared to the 2014 full year provision of \$375,000. The higher provision recorded in 2015 was also needed to support the continuing growth of the loan portfolio and cover net loan charge-offs. The Company experienced net loan charge-offs of \$351,000, or 0.16% of total loans, in the fourth quarter of 2015 which was comparable to net loan charge-offs of \$334,000, or 0.16% of total loans, in the fourth quarter of 2014. For the full years, there were net loan charge-offs of \$952,000, or 0.11% of total loans, in 2015 compared to net loan charge-offs of \$856,000, or 0.11% of total loans, in 2014. Overall, even with the fourth quarter increase in non-performing assets, the Company continued to maintain strong asset quality in 2015. At December 31, 2015, non-performing assets totaled \$6.3 million, or 0.71% of total loans. 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 159% coverage of non-performing loans, and 1.13% of total loans, at December 31, 2015, compared to 400% coverage of non-performing loans, and 1.16% of total loans, at December 31, 2014.

Total non-interest income in the fourth quarter of 2015 increased by \$288,000 from the prior year's fourth quarter and for the full year of 2015 increased by \$944,000, or 6.6%, when compared to the full year of 2014. Increased revenue from trust and investment advisory fees and bank owned life insurance were two factors contributing to both the quarterly and annual non-interest income increase. Specifically, trust and investment advisory fees increased by \$90,000, or 4.6%, for the quarter and \$579,000, or 7.5%, annually due to increased assets under management which reflects successful new business development activities as well as effective management of existing customer accounts in this volatile market environment. Trust assets under administration totaled \$1.97 billion as of December 31, 2015. Revenue from bank owned life insurance increased by \$210,000 for the quarter and \$868,000 for the full year due to the receipt of four death claims in 2015. These increases were partially offset by a reduction in deposit service charges in 2015 of \$10,000 for the quarter and \$207,000 for the full year due to fewer overdraft fees. Mortgage related fees also dropped by \$43,000 in the fourth quarter and \$199,000 for the full year due to less mortgage refinance activity in 2015. Finally, for the full year 2015 there was a decrease of \$106,000 in revenue from investment security sale transactions as the Company recognized a lower level of gains on the sale of securities with low balances in 2015 compared to gains realized on the sale of rapidly pre-paying mortgage backed securities in 2014.

Total non-interest expense in the fourth quarter of 2015 decreased by \$600,000, or 5.6%, from the prior year's fourth quarter and for the full year of 2015 decreased by \$2,333,000, or 5.4%, when compared to the full year of 2014. Salaries and employee benefits were down by \$454,000 in the fourth quarter and by \$918,000, or 3.7%, for the full year of 2015, due to 21 fewer average full time equivalent employees as certain employees who elected to participate in an early retirement program in late 2014 were not replaced in order to achieve efficiencies identified as part of a profitability improvement program. As part of this early retirement program, the Company recognized a \$400,000 pension charge in the fourth quarter of 2014. Professional fees increased modestly by \$34,000 in the fourth quarter of 2015 but were \$406,000, or 7.5% lower for the year. The annual decrease results from lower legal fees, director's fees and consulting costs in 2015. Additionally, the Company recognized a \$669,000 goodwill impairment charge related to its investment advisory subsidiary in the third quarter of 2014. There was no such charge in 2015. The remainder of the key non-interest expense categories were relatively consistent or down between years reflecting the Company's continuing focus on reducing and controlling costs. Finally, the Company recorded an income tax expense of \$2,343,000, or an effective tax rate of 28.1%, in 2015 compared to the income tax expense of \$1,598,000, or an effective tax rate of 34.6%, for 2014. The higher income tax expense is due to the Company's increased earnings in 2015 as the Company's effective tax rate is lower than 2014 due to an increase in tax free revenue from bank owned life insurance. The higher effective tax rate in 2014 was also due to the non-deductibility of the goodwill impairment charge for tax purposes.

The Company had total assets of \$1.15 billion, shareholders' equity of \$119 million, a book value of \$5.19 per common share and a tangible book value of \$4.56 per common share at December 31, 2015. The Company continued to maintain strong capital ratios that exceed the regulatory defined well capitalized status and had a tangible common equity to tangible assets ratio of 7.57% at December 31, 2015.

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, 2015

(In thousands, except per share and ratio data)

(Unaudited)

2015

| | 1QTR | 2QTR | 3QTR | 4QTR | YEAR TO DATE |
|--|---------|---------|---------|---------|-----------------|
| PERFORMANCE DATA FOR THE PERIOD: | | | | | |
| Net income | \$1,369 | \$1,421 | \$1,833 | \$1,374 | \$5,997 |
| Net income available to common shareholders | 1,316 | 1,369 | 1,781 | 1,321 | 5,787 |
| PERFORMANCE PERCENTAGES (annualized): | | | | | |
| Return on average assets | 0.51% | 0.52% | 0.66% | 0.49% | 0.54% |
| Return on average equity | 4.80 | 4.88 | 6.15 | 4.56 | 5.10 |
| Net interest margin | 3.57 | 3.45 | 3.52 | 3.30 | 3.49 |
| Net charge-offs as a percentage of average loans | 0.09 | 0.08 | 0.11 | 0.16 | 0.11 |
| Loan loss provision as a percentage of average loans | 0.12 | 0.09 | 0.14 | 0.23 | 0.15 |
| Efficiency ratio | 82.29 | 81.93 | 78.25 | 81.69 | 81.01 |
| PER COMMON SHARE: | | | | | |
| Net income: | | | | | |
| Basic | \$0.07 | \$0.07 | \$0.09 | \$0.07 | \$0.31 |
| Average number of common shares outstanding | 18,851 | 18,859 | 18,869 | 18,871 | 18,863 |
| Diluted | 0.07 | 0.07 | 0.09 | 0.07 | 0.31 |

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| | | | | | |
|---|--------|--------|--------|--------|--------|
| Average number of common shares outstanding | 18,909 | 18,941 | 18,951 | 18,950 | 18,933 |
| Cash dividends declared | \$0.01 | \$0.01 | \$0.01 | \$0.01 | \$0.04 |

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

AMERISERV FINANCIAL, INC.

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

(Unaudited)

2015

| | 1QTR | 2QTR | 3QTR | 4QTR |
|---|-------------|-------------|-------------|-------------|
| FINANCIAL CONDITION DATA AT PERIOD END | | | | |
| Assets | \$1,103,416 | \$1,112,934 | \$1,110,843 | \$1,148,922 |
| Short-term investments/overnight funds | 10,127 | 9,843 | 14,966 | 25,067 |
| Investment securities | 142,010 | 142,448 | 135,013 | 140,886 |
| Loans and loans held for sale | 853,972 | 866,243 | 868,213 | 883,987 |
| Allowance for loan losses | 9,689 | 9,717 | 9,772 | 9,921 |
| Goodwill | 11,944 | 11,944 | 11,944 | 11,944 |
| Deposits | 892,676 | 862,902 | 869,899 | 903,294 |
| FHLB borrowings | 71,219 | 109,430 | 100,988 | 96,748 |
| Shareholders equity | 116,328 | 117,305 | 119,408 | 118,973 |
| Non-performing assets | 3,046 | 2,565 | 2,294 | 6,297 |
| Tangible common equity ratio | 7.64 | 7.66 | 7.87 | 7.57 |
| PER COMMON SHARE: | | | | |
| Book value (A) | \$5.06 | \$5.11 | \$5.21 | \$5.19 |
| Tangible book value (A) | 4.42 | 4.47 | 4.58 | 4.56 |
| Market value | 2.98 | 3.33 | 3.24 | 3.20 |
| Trust assets fair market value (B) | \$2,033,573 | \$2,012,358 | \$1,935,495 | \$1,974,882 |
| STATISTICAL DATA AT PERIOD END: | | | | |
| Full-time equivalent employees | 318 | 318 | 318 | 318 |
| Branch locations | 17 | 17 | 17 | 17 |
| Common shares outstanding | 18,855,021 | 18,861,811 | 18,870,811 | 18,870,811 |

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 |
| 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 | \$1,873,996 | \$1,872,088 | \$1,883,937 |

**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 |

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)

2015

| | 1QTR | 2QTR | 3QTR | 4QTR | YEAR TO DATE |
|---|--------------|--------------|--------------|--------------|-----------------|
| INTEREST INCOME | | | | | |
| Interest and fees on loans | \$9,456 | \$9,480 | \$9,718 | \$9,341 | \$37,995 |
| Interest on investments | 1,067 | 929 | 949 | 941 | 3,886 |
| Total Interest Income | 10,523 | 10,409 | 10,667 | 10,282 | 41,881 |
| INTEREST EXPENSE | | | | | |
| Deposits | 1,174 | 1,171 | 1,174 | 1,233 | 4,752 |
| All borrowings | 415 | 438 | 458 | 457 | 1,768 |
| Total Interest Expense | 1,589 | 1,609 | 1,632 | 1,690 | 6,520 |
| NET INTEREST INCOME | 8,934 | 8,800 | 9,035 | 8,592 | 35,361 |
| Provision for loan losses | 250 | 200 | 300 | 500 | 1,250 |
| NET INTEREST INCOME AFTER | | | | | |
| PROVISION FOR LOAN LOSSES | 8,684 | 8,600 | 8,735 | 8,092 | 34,111 |
| NON-INTEREST INCOME | | | | | |
| Trust and investment advisory fees | 2,056 | 2,135 | 2,085 | 2,068 | 8,344 |
| Service charges on deposit accounts | 419 | 429 | 441 | 461 | 1,750 |
| Net realized gains on loans held for sale | 191 | 225 | 178 | 173 | 767 |
| Mortgage related fees | 115 | 109 | 87 | 80 | 391 |
| Net realized gains(losses) on investment securities | - | 28 | (36) | 79 | 71 |
| Bank owned life insurance | 363 | 171 | 684 | 399 | 1,617 |
| Other income | 568 | 595 | 576 | 588 | 2,327 |
| Total Non-Interest Income | 3,712 | 3,692 | 4,015 | 3,848 | 15,267 |
| NON-INTEREST EXPENSE | | | | | |
| Salaries and employee benefits | 6,073 | 5,944 | 6,079 | 5,946 | 24,042 |
| Net occupancy expense | 841 | 718 | 692 | 690 | 2,941 |
| Equipment expense | 466 | 480 | 409 | 418 | 1,773 |
| Professional fees | 1,211 | 1,275 | 1,206 | 1,311 | 5,003 |
| FDIC deposit insurance expense | 167 | 164 | 174 | 164 | 669 |

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| | | | | | |
|--|---------|---------|---------|---------|---------|
| Other expenses | 1,652 | 1,658 | 1,659 | 1,641 | 6,610 |
| Total Non-Interest Expense | 10,410 | 10,239 | 10,219 | 10,170 | 41,038 |
| | | | | | |
| PRETAX INCOME | 1,986 | 2,053 | 2,531 | 1,770 | 8,340 |
| Income tax expense | 617 | 632 | 698 | 396 | 2,343 |
| NET INCOME | 1,369 | 1,421 | 1,833 | 1,374 | 5,997 |
| Preferred stock dividends | 53 | 52 | 52 | 53 | 210 |
| NET INCOME AVAILABLE TO COMMON SHAREHOLDERS | \$1,316 | \$1,369 | \$1,781 | \$1,321 | \$5,787 |

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 for loan losses | - | - | - | 375 | 375 |
| NET INTEREST INCOME AFTER | | | | | |
| PROVISION 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 |

AMERISERV FINANCIAL, INC.

NASDAQ: ASRV

Average Balance Sheet Data (In thousands)

(Unaudited)

2015

2014

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| | 4QTR | TWELVE MONTHS | 4QTR | TWELVE MONTHS |
|---|-------------|------------------|-------------|------------------|
| Interest earning assets: | | | | |
| Loans and loans held for sale, net of unearned income | \$870,400 | \$857,015 | \$827,613 | \$804,721 |
| Short-term investment in money market funds | 12,116 | 10,700 | 8,186 | 7,227 |
| Deposits with banks | 5,086 | 2,198 | 1,235 | 1,243 |
| Total investment securities | 140,794 | 144,959 | 153,000 | 157,238 |
| Total interest earning assets | 1,028,396 | 1,014,872 | 990,034 | 970,429 |
| Non-interest earning assets: | | | | |
| Cash and due from banks | 17,525 | 17,312 | 16,254 | 16,919 |
| Premises and equipment | 12,282 | 12,617 | 13,310 | 13,282 |
| Other assets | 67,605 | 69,201 | 68,787 | 69,423 |
| Allowance for loan losses | (9,808) | (9,766) | (9,501) | (9,951) |
| Total assets | \$1,116,000 | \$1,104,236 | \$1,078,884 | \$1,060,102 |
| Interest bearing liabilities: | | | | |
| Interest bearing deposits: | | | | |
| Interest bearing demand | \$92,800 | \$97,201 | \$103,500 | \$97,641 |
| Savings | 92,550 | 94,425 | 89,274 | 89,554 |
| Money market | 269,251 | 242,298 | 225,907 | 228,150 |
| Other time | 276,134 | 287,783 | 297,783 | 300,915 |
| Total interest bearing deposits | 730,735 | 721,707 | 716,464 | 716,260 |
| Borrowings: | | | | |
| Federal funds purchased and other short-term borrowings | 16,650 | 24,582 | 25,316 | 18,783 |
| Advances from Federal Home Loan Bank | 48,763 | 46,166 | 39,723 | 32,885 |
| Guaranteed junior subordinated deferrable interest debentures | 13,085 | 13,085 | 13,085 | 13,085 |
| Subordinated debt | 247 | 62 | - | - |
| Total interest bearing liabilities | 809,480 | 805,602 | 794,588 | 781,013 |
| Non-interest bearing liabilities: | | | | |
| Demand deposits | 178,801 | 171,175 | 160,515 | 155,365 |
| Other liabilities | 8,157 | 9,871 | 6,694 | 7,969 |
| Shareholders equity | 119,562 | 117,588 | 117,087 | 115,755 |
| Total liabilities and shareholders equity | \$1,116,000 | \$1,104,236 | \$1,078,884 | \$1,060,102 |