

AMERISERV FINANCIAL INC /PA/

Form 8-K

January 22, 2013

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 22, 2013

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 2012 results through December 31, 2012. 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 22, 2013, announcing the fourth quarter and full year 2012 results through December 31, 2012.

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 22, 2013

Exhibit 99.1

**AMERISERV FINANCIAL REPORTS EARNINGS FOR THE FOURTH QUARTER AND FULL YEAR OF 2012**

JOHNSTOWN, PA AmeriServ Financial, Inc. (NASDAQ: ASRV) reported fourth quarter 2012 net income available to common shareholders of \$683,000 or \$0.04 per diluted common share. This represented a 42.9% decrease in earnings per share from the fourth quarter of 2011 where net income available to common shareholders totaled \$1,505,000 or \$0.07 per diluted common share. For the year ended December 31, 2012, the Company reported net income available to common shareholders of \$4,211,000 or \$0.21 per diluted share. This represented a 12.5% decline in earnings per share from the full year 2011 where net income available to common shareholders totaled \$5,153,000 or \$0.24 per diluted share. The largest factor causing the reduction in net income for both the fourth quarter and full year of 2012 was the provision for loan losses. The Company recorded a \$550,000 loan loss provision in the fourth quarter of 2012 compared to a negative loan loss provision of \$1,250,000 in the fourth quarter of 2011. For the full year 2012, the Company recorded a negative provision of \$775,000 but this was at a lesser level than the \$3,575,000 negative provision for the 2011 year. The following table highlights the Company's financial performance for both the quarters and years ended December 31, 2012 and 2011:

|                            | Fourth Quarter<br>2012 | Fourth Quarter<br>2011 | Year Ended<br>December 31, 2012 | Year Ended<br>December 31, 2011 |
|----------------------------|------------------------|------------------------|---------------------------------|---------------------------------|
| Net income                 | \$735,000              | \$1,770,000            | \$5,039,000                     | \$6,537,000                     |
| Net income available to    |                        |                        |                                 |                                 |
| common shareholders        | \$683,000              | \$1,505,000            | \$4,211,000                     | \$5,153,000                     |
| Diluted earnings per share | \$ 0.04                | \$ 0.07                | \$ 0.21                         | \$0.24                          |

Glenn L. Wilson, President and Chief Executive Officer, commented on the 2012 financial results: AmeriServ Financial was able to accomplish several important strategic initiatives during 2012. We have now reported seven consecutive quarters of loan growth which has caused our total loan portfolio to increase by \$61 million or 9.1% for the full year 2012. Our new loan production offices contributed to this growth in loan categories that qualify for the Small Business Lending Fund (SBLF) and as a result we will continue to pay the lowest preferred share dividend rate available under the program. I was also pleased with our strong growth in non-interest revenue in 2012 which reflected a record year in residential mortgage related revenues and a second consecutive year of double digit growth in the net income contribution from our wealth management businesses. Finally, we are well positioned for further growth in 2013 which will be supported by our strong and conservative balance sheet. We ended 2012 with our allowance for loan losses providing 210% coverage of non-performing loans and a tier one capital to average assets

ratio of 11.44%.

The Company's net interest income has been relatively stable this year as it decreased by \$31,000 or 0.4% in the fourth quarter of 2012 from the prior year's fourth quarter and for the full year 2012 decreased by only \$80,000 or 0.2% when compared to the full year 2011. The Company's full year 2012 net interest margin of 3.65% was seven basis points lower than the net interest margin of 3.72% for the 2011 year. The decreased net interest margin reflects the challenges of a flatter yield curve which has pressured interest revenue in 2012 and demonstrates the impact of Federal Reserve low interest rate policies. The Company has been able to overcome this net interest margin pressure and keep net interest income relatively constant by reducing its cost of funds and growing its earning assets, particularly loans. Specifically, total loans outstanding have increased for seven consecutive quarters and now are \$61 million or 9.1% higher than they were at December 31, 2011. 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 loans, particularly through its new loan production offices. Despite this growth in loans, total interest revenue dropped by \$2,047,000 between years and reflects the lower interest rate environment and flatter yield curve. Interest revenue has also been negatively impacted by increased premium amortization on mortgage backed securities due to faster mortgage prepayment speeds. However, careful management of funding costs has allowed the Company to mitigate a significant portion of this drop in interest revenue during the past year. Specifically, total interest expense for the full year of 2012 declined by \$1,967,000 from the 2011 year due to the Company's proactive efforts to reduce deposit and borrowing costs. Even with this reduction in deposit costs, the Company still experienced solid growth in deposits which increased by \$19 million or 2.4% over the past year. The Company continues to maintain strong liquidity as evidenced by a loan to deposit ratio of 87.6% at December 31, 2012.

The Company recorded a \$550,000 provision for loan losses in the fourth quarter of 2012 compared to a \$1,250,000 negative provision recorded in the fourth quarter of 2011. The \$550,000 provision was needed to address a \$1.9 million increase in non-performing assets that occurred during the fourth quarter of 2012. This increase largely relates to one problem commercial real estate loan which had been on our watch list and reflects the Company's consistent practice of quickly identifying and managing problem credits in order to minimize losses during the workout process. Even with this uptick, non-performing assets are still at a very manageable level at December 31, 2012, as they now total \$7.2 million or 0.99% of total loans. For the full year 2012, the Company was able to reverse a portion of the allowance for loan losses into earnings while still maintaining strong coverage ratios. For the 2012 year, the negative loan loss provision amounted to \$775,000 compared to a \$3,575,000 negative provision for the 2011 year. Consequently, there has been \$2.8 million less earnings benefit from negative loan loss provisions in 2012. The Company continued to realize overall low levels of net charge-offs during 2012, despite an increase in the fourth quarter. Specifically, net charge-offs for the 2012 year totaled \$1.3 million or 0.19% of total loans which represents a decrease from the 2011 year when net charge-offs totaled \$1.6 million or 0.24% of total loans. Criticized and classified loans also dropped by \$4.2 million or 8.5% during the past 12 months. When determining the provision for loan losses, the Company considers a number of factors some of which include periodic credit reviews, non-performing asset, 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 210% coverage of non-performing loans, and was 1.72% of total loans, at December 31, 2012, compared to 288% of non-performing loans, and 2.18% of total loans, at December 31, 2011.

The Company's strong growth in non-interest income has also been a financial performance highlight in 2012. Total non-interest income in the fourth quarter of 2012 increased by \$401,000 or 11.5% from the prior year's fourth quarter

and for the full year 2012 increased by \$1.4 million or 10.1% when compared to the 2011 year. The 2012 non-interest income increase was driven by increased revenue from residential mortgage banking activities and our Trust Company's wealth management businesses. Specifically, gains realized on residential mortgage loan sales into the secondary market increased by \$134,000 for the fourth quarter and by \$320,000 or 39.4% for the full year due to increased mortgage loan production in 2012. The higher residential mortgage loan production reflected both increased purchase and refinance activity. Trust fees also increased by \$239,000 for the fourth quarter and by \$354,000 for the full year as our wealth management businesses benefited from the implementation of new fee schedules and improved asset values under management in 2012. Higher fees related to residential mortgage banking activities along with increased revenue from financial services (annuity and mutual funds sales) were the key factors responsible for the \$34,000 quarterly increase and \$411,000 full year increase in other income in 2012. Finally, the Company realized a modest \$12,000 investment security gain in 2012 compared to a \$358,000 investment security loss in the first quarter of 2011 that resulted from a portfolio repositioning strategy.

Total non-interest expense in the fourth quarter of 2012 increased by only \$14,000 from the prior year's fourth quarter and for the full year 2012 increased by \$604,000 or 1.5% when compared to the 2011 year. Salaries and employee benefits increased by \$490,000 for the fourth quarter and \$1.8 million or 8.0% for the 2012 year due to higher salaries expense, incentive compensation, and pension expense. The 2012 personnel expenses also reflect the staffing costs associated with new loan production offices in Altoona, Harrisburg and Hagerstown, Maryland. These negative items were partially offset by a \$60,000 reduction in FDIC deposit insurance expense for the fourth quarter of 2012 and an \$897,000 reduction for the full year. This reduction resulted from a change in the calculation methodology which took effect in the second half of 2011 and the Company's improved risk profile. Additionally, the Company incurred a \$240,000 prepayment penalty on the early retirement of \$5.7 million of FHLB term advances in the fourth quarter of 2011. There was no such prepayment charge in 2012. Finally, the Company recorded an income tax expense for the full year of 2012 of \$2.2 million which was lower than the 2011 full year tax expense of \$2.9 million due to reduced pre-tax earnings in 2012. The 2012 effective tax rate of 30.8% was comparable with the 2011 effective tax rate of 30.4%.

ASRV had total assets of \$1.0 billion and shareholders' equity of \$110 million or a book value of \$4.67 per common share and a tangible book value of \$4.01 per common share at December 31, 2012. During the full year 2012, the Company repurchased 1,758,000 shares or 8.4% of its outstanding common stock at an average price of \$2.51 in conjunction with the terms of its recently completed common stock repurchase program. This was a key factor contributing to a 6.6% growth in tangible book value per share since the end of 2011. The Company continued to maintain strong capital ratios that considerably exceed the regulatory defined well capitalized status with a risk based capital ratio of 15.92%, an asset leverage ratio of 11.44% and a tangible common equity to tangible assets ratio of 7.74% at December 31, 2012.

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



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December 31, 2012

(In thousands, except per share and ratio data)

(Unaudited)

2012

|   | 1QTR    | 2QTR    | 3QTR    | 4QTR   | YEAR<br>TO DATE |
|---|---------|---------|---------|--------|-----------------|
| <b>PERFORMANCE DATA FOR THE PERIOD:</b>                             |         |         |         |        |                 |
| Net income  | \$1,565 | \$1,432 | \$1,307 | \$735  | \$5,039         |
| Net income available to common<br>shareholders                      | 1,302   | 1,170   | 1,056   | 683    | 4,211           |
| <b>PERFORMANCE PERCENTAGES<br/>(annualized):</b>                    |         |         |         |        |                 |
| Return on average assets  | 0.65%   | 0.59%   | 0.52%   | 0.29%  | 0.51%           |
| Return on average equity  | 5.60    | 5.19    | 4.66    | 2.60   | 4.51            |
| Net interest margin   | 3.70    | 3.59    | 3.59    | 3.55   | 3.65            |
| Net charge-offs (recoveries) as a<br>percentage<br>of average loans | 0.13    | (0.02)  | 0.16    | 0.45   | 0.19            |
| Loan loss provision (credit) as a<br>percentage of<br>average loans | (0.38)  | (0.30)  | (0.11)  | 0.30   | (0.11)          |
| Efficiency ratio  | 86.17   | 86.34   | 85.50   | 86.61  | 86.16           |
| <b>PER COMMON SHARE:</b>  |         |         |         |        |                 |
| Net income:   |         |         |         |        |                 |
| Basic   | \$0.06  | \$0.06  | \$0.05  | \$0.04 | \$0.21          |
| Average number of common shares                                     |         |         |         |        |                 |
| outstanding   | 20,679  | 19,584  | 19,275  | 19,209 | 19,685          |
| Diluted   | 0.06    | 0.06    | 0.05    | 0.04   | 0.21            |
| Average number of common shares                                     |         |         |         |        |                 |
| outstanding   | 20,722  | 19,652  | 19,351  | 19,289 | 19,747          |

2011

|   | 1QTR    | 2QTR    | 3QTR    | 4QTR    | YEAR<br>TO DATE |
|---|---------|---------|---------|---------|-----------------|
| PERFORMANCE DATA FOR THE PERIOD:                                    |         |         |         |         |                 |
| Net income  | \$1,263 | \$1,938 | \$1,566 | \$1,770 | \$6,537         |
| Net income available to common<br>shareholders                      | 973     | 1,648   | 1,027   | 1,505   | 5,153           |
| PERFORMANCE PERCENTAGES<br>(annualized):                            |         |         |         |         |                 |
| Return on average assets  | 0.54%   | 0.81%   | 0.64%   | 0.72%   | 0.68%           |
| Return on average equity  | 4.77    | 7.11    | 5.52    | 6.19    | 5.90            |
| Net interest margin   | 3.70    | 3.71    | 3.68    | 3.64    | 3.72            |
| Net charge-offs as a percentage of<br>average loans                 | 0.70    | (0.07)  | 0.20    | 0.12    | 0.24            |
| Loan loss provision (credit) as a<br>percentage of<br>average loans | (0.37)  | (0.72)  | (0.33)  | (0.73)  | (0.54)          |
| Efficiency ratio  | 89.53   | 85.53   | 84.83   | 89.26   | 87.26           |
| PER COMMON SHARE:   |         |         |         |         |                 |
| Net income:   |         |         |         |         |                 |
| Basic   | \$0.05  | \$0.08  | \$0.05  | \$0.07  | \$0.24          |
| Average number of common shares<br>outstanding                      | 21,208  | 21,208  | 21,208  | 21,114  | 21,184          |
| Diluted   | 0.05    | 0.08    | 0.05    | 0.07    | 0.24            |
| Average number of common shares<br>outstanding                      | 21,230  | 21,236  | 21,227  | 21,128  | 21,205          |

## AMERISERV FINANCIAL, INC.

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

(Unaudited)

2012

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|   | 1QTR        | 2QTR        | 3QTR        | 4QTR        |
|---|-------------|-------------|-------------|-------------|
| <b>FINANCIAL CONDITION<br/>DATA AT PERIOD END</b> |             |             |             |             |
| Assets  | \$967,401   | \$997,102   | \$1,002,281 | \$1,005,828 |
| Short-term investments/overnight funds            | 7,398       | 14,158      | 14,210      | 9,012       |
| Investment securities                             | 190,089     | 191,791     | 181,319     | 165,261     |
| Loans and loans held for sale                     | 671,328     | 690,815     | 706,624     | 731,741     |
| Allowance for loan losses                         | 13,778      | 13,317      | 12,829      | 12,571      |
| Goodwill  | 12,613      | 12,613      | 12,613      | 12,613      |
| Deposits  | 820,105     | 854,017     | 850,125     | 835,734     |
| FHLB borrowings                                   | 6,390       | 3,000       | 12,000      | 28,660      |
| Shareholders equity                               | 112,270     | 110,810     | 112,311     | 110,468     |
| Non-performing assets                             | 4,801       | 5,077       | 5,372       | 7,224       |
| Asset leverage ratio                              | 11.83%      | 11.60%      | 11.45%      | 11.44%      |
| Tangible common equity ratio                      | 8.24        | 7.84        | 7.95        | 7.74        |
| <b>PER COMMON SHARE:</b>                          |             |             |             |             |
| Book value (A)                                    | \$4.46      | \$4.66      | \$4.74      | \$4.67      |
| Tangible book value                               | 3.84        | 4.00        | 4.09        | 4.01        |
| Market value                                      | 2.74        | 2.82        | 2.97        | 3.01        |
| Trust assets fair market value (B)                | \$1,469,789 | \$1,447,877 | \$1,511,012 | \$1,512,387 |
| <b>STATISTICAL DATA AT<br/>PERIOD END:</b>        |             |             |             |             |
| Full-time equivalent employees                    | 353         | 353         | 355         | 350         |
| Branch locations                                  | 18          | 18          | 18          | 18          |
| Common shares outstanding                         | 20,465,521  | 19,284,521  | 19,255,221  | 19,164,721  |

2011

|   | 1QTR      | 2QTR      | 3QTR      | 4QTR      |
|---|-----------|-----------|-----------|-----------|
| <b>FINANCIAL CONDITION<br/>DATA AT PERIOD END</b> |           |           |           |           |
| Assets  | \$961,067 | \$954,893 | \$973,439 | \$979,076 |
| Short-term investments/overnight funds            | 26,769    | 4,338     | 17,941    | 7,845     |
| Investment securities                             | 195,272   | 198,770   | 195,784   | 195,203   |
| Loans and loans held for sale                     | 644,836   | 656,838   | 667,409   | 670,847   |
| Allowance for loan losses                         | 18,025    | 16,958    | 16,069    | 14,623    |
| Goodwill and core deposit intangibles             | 12,613    | 12,613    | 12,613    | 12,613    |
| Deposits  | 816,528   | 810,082   | 827,358   | 816,420   |

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|                                    |             |             |             |             |
|------------------------------------|-------------|-------------|-------------|-------------|
| FHLB borrowings                    | 9,736       | 9,722       | 9,707       | 21,765      |
| Shareholders equity                | 108,170     | 111,410     | 114,164     | 112,352     |
| Non-performing assets              | 9,328       | 7,433       | 5,344       | 5,199       |
| Asset leverage ratio               | 11.40%      | 11.60%      | 11.70%      | 11.66%      |
| Tangible common equity ratio       | 7.89        | 8.29        | 8.38        | 8.15        |
| PER COMMON SHARE:                  |             |             |             |             |
| Book value (A)                     | \$4.12      | \$4.28      | \$4.39      | \$4.37      |
| Tangible book value                | 3.53        | 3.68        | 3.80        | 3.76        |
| Market value                       | 2.37        | 1.95        | 1.90        | 1.95        |
| Trust assets fair market value (B) | \$1,410,755 | \$1,390,534 | \$1,313,440 | \$1,382,745 |

STATISTICAL DATA AT  
PERIOD END:

|                                |            |            |            |            |
|--------------------------------|------------|------------|------------|------------|
| Full-time equivalent employees | 351        | 352        | 342        | 347        |
| Branch locations               | 18         | 18         | 18         | 18         |
| Common shares outstanding      | 21,207,670 | 21,208,421 | 21,208,421 | 20,921,021 |

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)

2012

|                            | 1QTR    | 2QTR    | 3QTR    | 4QTR    | YEAR<br>TO<br>DATE |
|----------------------------|---------|---------|---------|---------|--------------------|
| INTEREST INCOME            |         |         |         |         |                    |
| Interest and fees on loans | \$8,729 | \$8,552 | \$8,807 | \$8,727 | \$34,815           |
| Total investment portfolio | 1,395   | 1,333   | 1,223   | 1,151   | 5,102              |
| Total Interest Income      | 10,124  | 9,885   | 10,030  | 9,878   | 39,917             |

|   |         |         |         |        |         |
|---|---------|---------|---------|--------|---------|
| INTEREST EXPENSE                            |         |         |         |        |         |
| Deposits                                    | 1,762   | 1,668   | 1,587   | 1,485  | 6,502   |
| All borrowings                              | 304     | 296     | 301     | 311    | 1,212   |
| Total Interest Expense                      | 2,066   | 1,964   | 1,888   | 1,796  | 7,714   |
| NET INTEREST INCOME                         |         |         |         |        |         |
| Provision (credit) for loan losses          | (625)   | (500)   | (200)   | 550    | (775)   |
| NET INTEREST INCOME AFTER                   |         |         |         |        |         |
| PROVISION (CREDIT) FOR LOAN                 |         |         |         |        |         |
| LOSSES                                      |         |         |         |        |         |
|   | 8,683   | 8,421   | 8,342   | 7,532  | 32,978  |
| NON-INTEREST INCOME                         |         |         |         |        |         |
| Trust fees                                  | 1,697   | 1,628   | 1,533   | 1,669  | 6,527   |
| Investment advisory fees                    | 193     | 177     | 182     | 189    | 741     |
| Net realized gains on investment securities | -       | 12      | -       | -      | 12      |
| Net realized gains on loans held for sale   | 276     | 251     | 262     | 343    | 1,132   |
| Service charges on deposit accounts         | 535     | 517     | 567     | 576    | 2,195   |
| Bank owned life insurance                   | 215     | 212     | 217     | 219    | 863     |
| Other income                                | 758     | 936     | 888     | 891    | 3,473   |
| Total Non-interest Income                   | 3,674   | 3,733   | 3,649   | 3,887  | 14,943  |
| NON-INTEREST EXPENSE                        |         |         |         |        |         |
| Salaries and employee benefits              | 5,986   | 5,976   | 6,132   | 6,330  | 24,424  |
| Net occupancy expense                       | 729     | 702     | 698     | 671    | 2,800   |
| Equipment expense                           | 451     | 473     | 395     | 445    | 1,764   |
| Professional fees                           | 923     | 937     | 977     | 1,033  | 3,870   |
| FDIC deposit insurance expense              | 129     | 114     | 104     | 94     | 441     |
| Other expenses                              | 1,896   | 1,865   | 1,781   | 1,800  | 7,342   |
| Total Non-interest Expense                  | 10,114  | 10,067  | 10,087  | 10,373 | 40,641  |
| PRETAX INCOME                               |         |         |         |        |         |
| Income tax expense                          | 678     | 655     | 597     | 311    | 2,241   |
| NET INCOME                                  |         |         |         |        |         |
| Preferred stock dividends                   | 263     | 262     | 251     | 52     | 828     |
| NET INCOME AVAILABLE TO COMMON SHAREHOLDERS |         |         |         |        |         |
|   | \$1,302 | \$1,170 | \$1,056 | \$683  | \$4,211 |

2011

|  | 1QTR         | 2QTR         | 3QTR         | 4QTR         | YEAR<br>TO DATE |
|--|--------------|--------------|--------------|--------------|-----------------|
| <b>INTEREST INCOME</b>                       |              |              |              |              |                 |
| Interest and fees on loans                   | \$9,083      | \$8,804      | \$8,888      | \$8,924      | \$35,699        |
| Total investment portfolio                   | 1,513        | 1,726        | 1,604        | 1,422        | 6,265           |
| Total Interest Income                        | 10,596       | 10,530       | 10,492       | 10,346       | 41,964          |
| <b>INTEREST EXPENSE</b>                      |              |              |              |              |                 |
| Deposits                                     | 2,294        | 2,106        | 2,038        | 1,897        | 8,335           |
| All borrowings                               | 336          | 338          | 336          | 336          | 1,346           |
| Total Interest Expense                       | 2,630        | 2,444        | 2,374        | 2,233        | 9,681           |
| <b>NET INTEREST INCOME</b>                   | <b>7,966</b> | <b>8,086</b> | <b>8,118</b> | <b>8,113</b> | <b>32,283</b>   |
| Provision (credit) for loan losses           | (600)        | (1,175)      | (550)        | (1,250)      | (3,575)         |
| <b>NET INTEREST INCOME AFTER</b>             |              |              |              |              |                 |
| <b>PROVISION (CREDIT) FOR LOAN</b>           |              |              |              |              |                 |
| <b>LOSSES</b>                                | <b>8,566</b> | <b>9,261</b> | <b>8,668</b> | <b>9,363</b> | <b>35,858</b>   |
| <b>NON-INTEREST INCOME</b>                   |              |              |              |              |                 |
| Trust fees                                   | 1,556        | 1,617        | 1,570        | 1,430        | 6,173           |
| Investment advisory fees                     | 198          | 198          | 172          | 186          | 754             |
| Net realized losses on investment securities | (358)        | -            | -            | -            | (358)           |
| Net realized gains on loans held for sale    | 262          | 155          | 186          | 209          | 812             |
| Service charges on deposit accounts          | 472          | 549          | 640          | 580          | 2,241           |
| Bank owned life insurance                    | 216          | 218          | 227          | 224          | 885             |
| Other income                                 | 759          | 717          | 729          | 857          | 3,062           |
| Total Non-interest Income                    | 3,105        | 3,454        | 3,524        | 3,486        | 13,569          |
| <b>NON-INTEREST EXPENSE</b>                  |              |              |              |              |                 |
| Salaries and employee benefits               | 5,500        | 5,574        | 5,702        | 5,840        | 22,616          |
| Net occupancy expense                        | 757          | 742          | 680          | 721          | 2,900           |
| Equipment expense                            | 429          | 411          | 435          | 411          | 1,686           |
| Professional fees                            | 980          | 911          | 983          | 1,001        | 3,875           |
| FDIC deposit insurance expense               | 462          | 460          | 262          | 154          | 1,338           |
|  |              |              |              | 240          | 240             |
| Other expenses                               | 1,791        | 1,779        | 1,820        | 1,992        | 7,382           |
| Total Non-interest Expense                   | 9,919        | 9,877        | 9,882        | 10,359       | 40,037          |

|  |       |         |         |         |         |
|--|-------|---------|---------|---------|---------|
| PRETAX INCOME  | 1,752 | 2,838   | 2,310   | 2,490   | 9,390   |
| Income tax expense   | 489   | 900     | 744     | 720     | 2,853   |
| NET INCOME   | 1,263 | 1,938   | 1,566   | 1,770   | 6,537   |
| Preferred stock dividends and accretion of preferred stock | 290   | 290     | 539     | 265     | 1,384   |
| NET INCOME AVAILABLE TO COMMON SHAREHOLDERS                | \$973 | \$1,648 | \$1,027 | \$1,505 | \$5,153 |

## AMERISERV FINANCIAL, INC.

Nasdaq: ASRV

Average Balance Sheet Data (In thousands)

(Unaudited)

2012

2011

|   | 4QTR        | TWELVE MONTHS | 4QTR      | TWELVE MONTHS |
|---|-------------|---------------|-----------|---------------|
| Interest earning assets:                              |             |               |           |               |
| Loans and loans held for sale, net of unearned income | \$717,959   | \$688,736     | \$675,657 | \$662,746     |
| Deposits with banks                                   | 5,064       | 10,634        | 9,961     | 6,853         |
| Short-term investment in money market funds           | 4,716       | 1,889         | 2,355     | 2,224         |
| Federal funds sold                                    | -           | -             | -         | 5,838         |
| Total investment securities                           | 175,114     | 186,775       | 195,925   | 197,916       |
| Total interest earning assets                         | 902,853     | 888,034       | 883,898   | 875,577       |
| Non-interest earning assets:                          |             |               |           |               |
| Cash and due from banks                               | 18,219      | 17,136        | 16,779    | 15,893        |
| Premises and equipment                                | 11,446      | 11,055        | 10,539    | 10,513        |
| Other assets  | 81,804      | 81,796        | 79,201    | 79,293        |
| Allowance for loan losses                             | (12,511)    | (13,500)      | (16,155)  | (17,771)      |
| Total assets  | \$1,001,811 | \$984,521     | \$974,262 | \$963,505     |

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Interest bearing liabilities:

Interest bearing deposits:

|                                 |          |          |          |          |
|---------------------------------|----------|----------|----------|----------|
| Interest bearing demand         | \$64,131 | \$60,810 | \$59,707 | \$57,784 |
| Savings                         | 84,995   | 85,112   | 82,238   | 81,490   |
| Money market                    | 221,732  | 211,744  | 202,220  | 193,536  |
| Other time                      | 320,007  | 327,557  | 337,730  | 348,915  |
| Total interest bearing deposits | 690,865  | 685,223  | 681,895  | 681,725  |

Borrowings:

|   |         |         |         |         |
|---|---------|---------|---------|---------|
| Federal funds purchased and other short-term borrowings       | 7,005   | 5,342   | 3,343   | 1,216   |
| Advances from Federal Home Loan Bank                          | 11,478  | 5,661   | 9,888   | 9,769   |
| Guaranteed junior subordinated deferrable interest debentures | 13,085  | 13,085  | 13,085  | 13,085  |
| Total interest bearing liabilities                            | 722,433 | 709,311 | 708,211 | 705,795 |

Non-interest bearing liabilities:

|   |             |           |           |           |
|---|-------------|-----------|-----------|-----------|
| Demand deposits                           | 152,861     | 147,887   | 140,797   | 135,298   |
| Other liabilities                         | 14,156      | 15,517    | 11,721    | 11,699    |
| Shareholders equity                       | 112,361     | 111,806   | 113,533   | 110,713   |
| Total liabilities and shareholders equity | \$1,001,811 | \$984,521 | \$974,262 | \$963,505 |