

AMERISERV FINANCIAL INC /PA/
Form 8-K
April 14, 2009

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) April 14, 2009

AMERISERV FINANCIAL, Inc.

(exact name of registrant as specified in its charter)

Pennsylvania 0-11204 25-1424278

(State or other (commission (I.R.S. Employer

jurisdiction File Number) Identification No.)

of Incorporation)

Main and Franklin Streets, Johnstown, Pa. 15901

(address or principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 814-533-5300

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities

Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange

Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the

Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the

Exchange Act (17 CFR 240.13e-4c))

Form 8-K

Item 2.02 Results of operation and financial condition.

AMERISERV FINANCIAL Inc. (the "Registrant") announced first quarter results through March 31, 2009. For a more detailed description of the announcement see the press release attached as Exhibit #99.1.

Exhibits

Exhibit 99.1

Press release dated April 14, 2009, announcing the first quarter results through March 31, 2009.

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: April 14, 2009

Exhibit 99.1

AMERISERV FINANCIAL REPORTS EARNINGS FOR THE FIRST QUARTER OF 2009

JOHNSTOWN, PA AmeriServ Financial, Inc. (NASDAQ: ASRV) reported first quarter 2009 net income of \$533,000 or \$0.01 per diluted common share. This represents a decrease of \$696,000 from the first quarter 2008 net income of \$1,229,000 or \$0.06 per diluted common share. The following table highlights the Company's financial performance for the quarters ended March 31, 2009 and 2008:

| | First Quarter 2009 | First Quarter 2008 | \$ Change | % Change |
|----------------------------|-----------------------|-----------------------|-------------|----------|
| Net income | \$533,000 | \$1,229,000 | (\$696,000) | (56.6 %) |
| Diluted earnings per share | \$ 0.01 | \$ 0.06 | (\$ 0.05) | (83.3%) |

Allan R. Dennison, President and Chief Executive Officer, commented on the first quarter 2009 financial results, AmeriServ Financial generated strong loan and deposit growth during the first quarter of 2009 which led to increased net interest income and margin performance. However, this difficult economic environment has led us to further strengthen our allowance for loan losses which was the primary factor causing the decline in earnings between periods. Overall our asset quality continues to be good by industry standards with non-performing assets amounting to \$5.1 million or 0.70% of total loans and net charge-offs for the first quarter of 2009 totaling \$49,000 or 0.03% of total loans.

The Company's net interest income in the first quarter of 2009 increased by \$1.4 million or 20.9% from the prior year's first quarter and the net interest margin was up by 40 basis points to 3.72% over the same comparative period. The increased net interest income and margin resulted from a combination of good balance sheet growth and the pricing benefits achieved from a steeper positively sloped yield curve. Specifically, total loans averaged \$714 million in the first quarter of 2009, an increase of \$80 million or 12.7% over the first quarter of 2008. The loan growth was driven by increased commercial and commercial real-estate loan production. Total deposits averaged \$715 million in the first quarter of 2009, an increase of \$20 million or 2.9% over the same 2008 quarter. The Company believes that uncertainties in the financial markets and the economy have contributed to growth in both money market and demand deposits as consumers have looked for safety in well capitalized community banks like AmeriServ Financial. Additionally, the Company also benefited from a favorable decline in interest expense caused by the more rapid downward repricing of both deposits and Federal Home Loan Bank borrowings due to the market decline in short-term interest rates.

The Company recorded a \$1.8 million provision for loan losses in the first quarter of 2009 compared to a \$150,000 provision in the first quarter of 2008, or an increase of \$1.65 million. When determining the provision for loan losses,

the Company considers a number of factors some of which include periodic credit reviews, delinquency and charge-off trends, concentrations of credit, loan volume trends and broader local and national economic trends. The higher loan provision in the first quarter of 2009 was caused by the Company's decision to strengthen its allowance for loan losses due to the downgrade of the rating classification of one large performing commercial loan and uncertainties in the local and national economies. The Company's net charge-offs in the first quarter of 2009 amounted to only \$49,000 or 0.03% of total loans. This amount was comparable with the net charge-offs of \$93,000 or 0.06% of total loans experienced in the first quarter of 2008. Non-performing assets increased moderately to \$5.1 million or 0.70% of total loans at March 31, 2009 compared to \$4.6 million or 0.65% of total loans at December 31, 2008. Overall, the allowance for loan losses provided 209% coverage of non-performing assets and was 1.47% of total loans at March 31, 2009 compared to 195% of non-performing assets and 1.26% of total loans at December 31, 2008. Note also that the Company has no direct exposure to sub-prime mortgage loans in either the loan or investment portfolios.

The Company's non-interest income in the first quarter of 2009 decreased by \$277,000 or 7.2% from the first quarter of 2008. The quarterly decrease was primarily due to a \$320,000 decline in trust and investment advisory fees due to reductions in the market value of assets managed due to lower equity and real estate values in the first quarter of 2009.

These negative items were partially offset by increased gains on asset sales. Specifically, gains realized on residential mortgage sales into the secondary market increased by \$29,000 or 32.6% due to increased mortgage purchase and refinance activity in the Company's primary market. The Company also took advantage of market opportunities and generated \$101,000 of gains on the sale of investment securities in order to provide additional liquidity to fund the strong loan growth.

Total non-interest expense in the first quarter of 2009 increased by \$383,000 or 4.4% from the prior year's first quarter. Total salaries and benefits expense increased by \$262,000 or 5.4% due greater incentive compensation and health care costs. The other main factor causing the increase in non-interest expense was a \$151,000 increase in professional fees. The increased professional fees resulted primarily from higher legal, consulting and other professional fees in the first quarter of 2009.

ASRV had total assets of \$975 million and shareholders' equity of \$114 million or a book value of \$4.44 per common share at March 31, 2009. The Company's asset leverage ratio remained strong at 11.82% and the Company had a tangible common equity to tangible assets ratio of 8.35% at March 31, 2009.

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

April 14, 2009

(In thousands, except per share and ratio data)

(All quarterly and 2009 data unaudited)

2009

1QTR

PERFORMANCE DATA FOR THE PERIOD:

| | |
|---|-------|
| Net income | \$533 |
| Net income available to common shareholders | 274 |

PERFORMANCE PERCENTAGES (annualized):

| | |
|--|-------|
| Return on average assets | 0.22% |
| Return on average equity | 1.90 |
| Net interest margin | 3.72 |
| Net charge-offs as a percentage of average loans | 0.03 |
| Loan loss provision as a percentage of average loans | 1.02 |
| Efficiency ratio | 78.22 |

PER COMMON SHARE:

Net income:

| | |
|---|--------|
| Basic | \$0.01 |
| Average number of common shares outstanding | 21,137 |
| Diluted | 0.01 |
| Average number of common shares outstanding | 21,137 |

2008

| | | | | |
|------|------|------|------|-----------------|
| 1QTR | 2QTR | 3QTR | 4QTR | YEAR TO DATE |
|------|------|------|------|-----------------|

PERFORMANCE DATA FOR THE PERIOD:

| | | | | | |
|---|---------|---------|---------|---------|---------|
| Net income | \$1,229 | \$1,516 | \$1,149 | \$1,615 | \$5,509 |
| Net income available to common shareholders | 1,229 | 1,516 | 1,149 | 1,580 | 5,474 |

PERFORMANCE PERCENTAGES (annualized):

| | | | | | |
|--|-------|-------|-------|-------|-------|
| Return on average assets | 0.55% | 0.71% | 0.52% | 0.69% | 0.62% |
| Return on average equity | 5.43 | 6.64 | 4.93 | 6.68 | 5.93 |
| Net interest margin | 3.32 | 3.58 | 3.59 | 3.84 | 3.64 |
| Net charge-offs as a percentage of average loans | 0.06 | 0.46 | 0.04 | 0.23 | 0.20 |
| Loan loss provision as a percentage of average loans | | | | | 0.45 |
| | 0.10 | 0.89 | 0.48 | 0.36 | |
| Efficiency ratio | 82.87 | 73.20 | 79.72 | 77.46 | 78.11 |

PER COMMON SHARE:

Net income:

| | | | | | |
|---|--------|--------|--------|--------|--------|
| Basic | \$0.06 | \$0.07 | \$0.05 | \$0.07 | \$0.25 |
| Average number of common shares outstanding | 22,060 | 21,847 | 21,855 | 21,571 | 21,833 |
| Diluted | 0.06 | 0.07 | 0.05 | 0.07 | 0.25 |
| Average number of common shares outstanding | 22,062 | 21,848 | 21,856 | 21,571 | 21,975 |

AMERISERV FINANCIAL, INC.

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

(All quarterly and 2009 data unaudited)

2009

1QTR

PERFORMANCE DATA AT PERIOD
END

| | |
|---|-----------|
| Assets | \$975,062 |
| Short-term investment in money market funds | 10,817 |
| Investment securities | 138,853 |
| Loans | 726,961 |
| Allowance for loan losses | 10,661 |

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| | |
|---------------------------------------|-------------|
| Goodwill and core deposit intangibles | 13,498 |
| Deposits | 746,813 |
| FHLB borrowings | 90,346 |
| Shareholders equity | 114,254 |
| Non-performing assets | 5,099 |
| Asset leverage ratio | 11.91% |
| PER COMMON SHARE: | |
| Book value (A) | \$4.44 |
| Market value | 1.67 |
| Trust assets fair market value (B) | \$1,432,375 |

STATISTICAL DATA AT PERIOD END:

| | |
|--------------------------------|------------|
| Full-time equivalent employees | 355 |
| Branch locations | 18 |
| Common shares outstanding | 21,144,700 |

2008

| | 1QTR | 2QTR | 3QTR | 4QTR |
|---|-----------|-----------|-----------|-----------|
| PERFORMANCE DATA AT PERIOD END | | | | |
| Assets | \$902,349 | \$877,230 | \$911,306 | \$966,929 |
| Short-term investment in money market funds | 5,682 | 6,952 | 7,147 | 15,578 |
| Investment securities | 146,285 | 141,867 | 141,630 | 142,675 |
| Loans | 632,934 | 623,798 | 663,996 | 707,108 |
| Allowance for loan losses | 7,309 | 7,963 | 8,677 | 8,910 |
| Goodwill and core deposit intangibles | 14,254 | 14,038 | 13,821 | 13,605 |
| Deposits | 682,459 | 722,913 | 688,998 | 694,956 |
| FHLB borrowings | 106,579 | 40,214 | 106,897 | 133,778 |
| Shareholders equity | 91,558 | 92,248 | 93,671 | 113,252 |
| Non-performing assets | 3,050 | 3,717 | 4,390 | 4,572 |
| Asset leverage ratio | 9.78% | 10.47% | 10.37% | 12.15% |

PER COMMON SHARE:

| | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|
| Book value | \$4.19 | \$4.22 | \$4.29 | \$4.39 |
| Market value | 2.79 | 2.98 | 2.51 | 1.99 |
| Trust assets fair market value (B) | \$1,828,475 | \$1,813,231 | \$1,678,398 | \$1,554,351 |

STATISTICAL DATA AT PERIOD END:

| | | | | |
|--------------------------------|------------|------------|------------|------------|
| Full-time equivalent employees | 350 | 353 | 352 | 353 |
| Branch locations | 19 | 18 | 18 | 18 |
| Common shares outstanding | 21,842,691 | 21,850,773 | 21,859,409 | 21,128,831 |

NOTES:

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

(B) Not recognized on the balance sheet.

AMERISERV FINANCIAL, INC.

CONSOLIDATED STATEMENT OF INCOME

(In thousands)

(All quarterly and 2009 data unaudited)

2009

| | |
|--|----------|
| INTEREST INCOME | 1QTR |
| Interest and fees on loans | \$10,349 |
| Total investment portfolio | 1,586 |
| Total Interest Income | 11,935 |
| INTEREST EXPENSE | |
| Deposits | 3,255 |
| All borrowings | 539 |
| Total Interest Expense | 3,794 |
| NET INTEREST INCOME | 8,141 |
| Provision for loan losses | 1,800 |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | 6,341 |

NON-INTEREST INCOME

| | |
|---|-------|
| Trust fees | 1,559 |
| Net realized gains on investment securities | 101 |
| Net realized gains on loans held for sale | 118 |
| Service charges on deposit accounts | 673 |
| Investment advisory fees | 137 |
| Bank owned life insurance | 250 |
| Other income | 723 |
| Total Non-interest Income | 3,561 |

NON-INTEREST EXPENSE

| | |
|--|-------|
| Salaries and employee benefits | 5,092 |
| Net occupancy expense | 722 |
| Equipment expense | 415 |
| Professional fees | 920 |
| FDIC deposit insurance expense | 32 |
| Amortization of core deposit intangibles | 108 |
| Other expenses | 1,873 |
| Total Non-interest Expense | 9,162 |

PRETAX INCOME 740

Income tax expense 207

NET INCOME 533

Preferred stock dividends 259

NET INCOME AVAILABLE TO COMMON

SHAREHOLDERS \$274

2008

| | YEAR | | | | |
|----------------------------|----------|---------|----------|----------|----------|
| | 1QTR | 2QTR | 3QTR | 4QTR | TO DATE |
| INTEREST INCOME | | | | | |
| Interest and fees on loans | \$10,462 | \$9,862 | \$10,015 | \$10,680 | \$41,019 |
| Total investment portfolio | 1,820 | 1,588 | 1,717 | 1,675 | 6,800 |
| Total Interest Income | 12,282 | 11,450 | 11,732 | 12,355 | 47,819 |
| INTEREST EXPENSE | | | | | |
| Deposits | 4,499 | 3,861 | 3,774 | 3,546 | 15,680 |
| All borrowings | 1,048 | 623 | 727 | 624 | 3,022 |
| Total Interest Expense | 5,547 | 4,484 | 4,501 | 4,170 | 18,702 |

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| | | | | | |
|--|---------|---------|---------|---------|---------|
| NET INTEREST INCOME | 6,735 | 6,966 | 7,231 | 8,185 | 29,117 |
| Provision for loan losses | 150 | 1,375 | 775 | 625 | 2,925 |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | 6,585 | 5,591 | 6,456 | 7,560 | 26,192 |
| NON-INTEREST INCOME | | | | | |
| Trust fees | 1,790 | 1,737 | 1,691 | 1,513 | 6,731 |
| Net realized gains (losses) on investment securities | - | (137) | 20 | 22 | (95) |
| Net realized gains on loans held for sale | 89 | 121 | 138 | 129 | 477 |
| Service charges on deposit accounts | 734 | 807 | 771 | 757 | 3,069 |
| Investment advisory fees | 226 | 218 | 185 | 150 | 779 |
| Bank owned life insurance | 249 | 1,923 | 260 | 263 | 2,695 |
| Other income | 750 | 674 | 702 | 642 | 2,768 |
| Total Non-interest Income | 3,838 | 5,343 | 3,767 | 3,476 | 16,424 |
| NON-INTEREST EXPENSE | | | | | |
| Salaries and employee benefits | 4,830 | 4,812 | 4,758 | 4,817 | 19,217 |
| Net occupancy expense | 661 | 653 | 586 | 661 | 2,561 |
| Equipment expense | 431 | 414 | 402 | 430 | 1,677 |
| Professional fees | 769 | 910 | 922 | 981 | 3,582 |
| FHLB prepayment penalty | - | 91 | - | - | 91 |
| FDIC deposit insurance expense | 22 | 20 | 30 | 41 | 113 |
| Amortization of core deposit intangibles | 216 | 216 | 217 | 216 | 865 |
| Other expenses | 1,850 | 1,909 | 1,869 | 1,903 | 7,531 |
| Total Non-interest Expense | 8,779 | 9,025 | 8,784 | 9,049 | 35,637 |
| PRETAX INCOME | 1,644 | 1,909 | 1,439 | 1,987 | 6,979 |
| Income tax expense | 415 | 393 | 290 | 372 | 1,470 |
| NET INCOME | \$1,229 | \$1,516 | \$1,149 | \$1,615 | \$5,509 |
| Preferred stock dividends | - | - | - | 35 | 35 |
| NET INCOME AVAILABLE TO COMMON | | | | | |
| SHAREHOLDERS | \$1,229 | \$1,516 | \$1,149 | \$1,580 | \$5,474 |

AMERISERV FINANCIAL, INC.

Nasdaq: ASRV

Average Balance Sheet Data (In thousands)

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(All quarterly and 2009 data unaudited)

2009

2008

| | 1QTR | 1QTR |
|--|-----------|-----------|
| Interest earning assets: | | |
| Loans and loans held for sale, net of unearned income | \$714,253 | \$633,809 |
| Deposits with banks | 3,158 | 498 |
| Short-term investment in money market funds | 10,112 | 6,252 |
| Federal funds | 55 | 424 |
| Total investment securities | 148,465 | 167,059 |
| | | |
| Total interest earning assets | 876,043 | 808,042 |
| Non-interest earning assets: | | |
| Cash and due from banks | 15,488 | 17,935 |
| Premises and equipment | 9,446 | 8,886 |
| Other assets | 71,004 | 69,735 |
| Allowance for loan losses | (9,144) | (7,309) |
| | | |
| Total assets | \$962,837 | \$897,289 |
| Interest bearing liabilities: | | |
| Interest bearing deposits: | | |
| Interest bearing demand | \$62,355 | \$64,310 |
| Savings | 71,759 | 68,666 |
| Money market | 141,442 | 104,180 |
| Other time | 326,221 | 347,134 |
| Total interest bearing deposits | 601,777 | 584,290 |
| Borrowings: | | |
| Federal funds purchased, securities sold under agreements to repurchase, and other short-term borrowings | 94,901 | 76,997 |
| Advanced from Federal Home Loan Bank | 13,853 | 11,718 |
| Guaranteed junior subordinated deferrable interest debentures | 13,085 | 13,085 |

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| | | |
|---|-----------|-----------|
| Total interest bearing liabilities | 723,616 | 686,090 |
| Non-interest bearing liabilities: | | |
| Demand deposits | 113,298 | 110,645 |
| Other liabilities | 12,265 | 9,526 |
| Shareholders equity | 113,658 | 91,028 |
| Total liabilities and shareholders equity | \$962,837 | \$897,289 |