

AMERISERV FINANCIAL INC /PA/

Form 8-K

October 17, 2017

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) October 17, 2017

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 third quarter and first nine months of 2017 results through September 30, 2017. For a more detailed description of the announcement see the press release attached as Exhibit 99.1.

Exhibits

Exhibit 99.1

Press release dated October 17, 2017, announcing third quarter and first nine months of 2017 earnings through September 30, 2017.

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: October 17, 2017

Exhibit 99.1

AMERISERV FINANCIAL REPORTS EARNINGS FOR THE THIRD QUARTER AND FIRST NINE MONTHS OF 2017

JOHNSTOWN, PA - AmeriServ Financial, Inc. (NASDAQ: ASRV) reported third quarter 2017 net income available to common shareholders of \$1,551,000, or \$0.08 per diluted common share. This earnings performance represented an increase of \$486,000, or 45.6%, from the third quarter of 2016 where net income available to common shareholders totaled \$1,065,000, or \$0.06 per diluted common share. For the nine-month period ended September 30, 2017, the Company reported net income available to common shareholders of \$4,288,000, or \$0.23 per diluted common share. This represents a significant improvement of \$3.1 million from the nine-month period of 2016 where net income available to common shareholders totaled \$1,145,000, or \$0.06 per diluted common share. The following table highlights the Company's financial performance for both the three and nine month periods ended September 30, 2017 and 2016:

| | Third Quarter 2017 | Third Quarter 2016 | Nine Months Ended September 30, 2017 | Nine Months Ended September 30, 2016 |
|--|-----------------------|-----------------------|---|---|
| Net income | \$1,551,000 | \$1,065,000 | \$4,288,000 | \$1,160,000 |
| Net income available to common shareholders | \$1,551,000 | \$1,065,000 | \$4,288,000 | \$1,145,000 |
| Diluted earnings per share | \$ 0.08 | \$ 0.06 | \$ 0.23 | \$ 0.06 |

Jeffrey A. Stopko, President and Chief Executive Officer, commented on the 2017 financial results: "In the third quarter of 2017, the continued execution of our strategic plan generated increased earnings per share and more active capital returns to our shareholders. The strong growth in earnings resulted from a favorable combination of increased revenue, reduced non-interest expense and a controlled loan loss provision. This improved net income allowed us to exceed our strategic plan goal of returning 75% of our earnings for the first nine months of 2017 to our shareholders through accretive stock buybacks and cash dividends."

The Company's net interest income in the third quarter of 2017 increased by \$431,000, or 5.1%, from the prior year's third quarter and for the first nine months of 2017 increased by \$1.0 million, or 3.9%, when compared to the first nine months of 2016. The Company's net interest margin was 3.28% for the quarter and 3.27% for the first nine months of 2017 representing an improvement of 13 basis points from the prior year's third quarter and a four basis point improvement from the first nine months of 2016. The 2017 increase in net interest income is a result of a higher level of total earning assets and favorable balance sheet positioning which has contributed to the improved net interest margin performance. The Company continues to grow earning assets while also limiting increases in its cost of funds through disciplined deposit pricing. Specifically, for the quarter, the earning asset growth occurred in the investment securities portfolio while the loan portfolio remained relatively stable. Total investment securities averaged \$175

million in the third quarter of 2017 which is \$26.2 million, or 17.6%, higher than the \$149 million average for the third quarter of 2016. Investment securities have also averaged \$172 million for the nine-month time period which is \$26.8 million, or 18.5%, higher than the nine month 2016 average. Total loans averaged \$892 million in the third quarter of 2017 and for the nine month period, total loans averaged \$894 million which is \$6.4 million, or 0.7%, higher than the 2016 nine month average.

The growth in the investment securities portfolio is the result of management electing to diversify the mix of the investment securities portfolio through purchases of high quality corporate and taxable municipal securities. This revised strategy for securities purchases was facilitated by the increase in national interest rates that resulted in improved opportunities to purchase additional securities and grow the portfolio. As a result, interest on investments increased between the third quarter of 2017 and the third quarter of 2016 by \$318,000 or 31.4% and increased in the first nine months of 2017 from the same time period in 2016 by \$846,000 or 28.7%. The slight decrease in the loan portfolio when comparing the third quarter average in 2017 to last year's third quarter average was the result of accelerated prepayment activity along with new commercial loan production funding occurring late in the 2017 quarter. However, the growth demonstrated when comparing the nine-month average from 2017 to 2016 reflects the successful results of the Company's business development efforts, with an emphasis on generating all types of commercial business loans particularly through its loan production offices. Loan interest income increased by \$393,000, or 4.2%, between the third quarter of 2017 and the third quarter of 2016 and also increased by \$853,000, or 3.0%, in the first nine months of 2017 when compared to last year. The higher loan interest income results from new loans originating at higher yields due to the higher interest rates and also reflects the upward repricing of certain loans tied to LIBOR or the prime rate as both of these indices have moved up with the Federal Reserve's decision to increase the target federal funds interest rate by 25 basis points in December of 2016, March of 2017, and again in June of 2017. Overall, total interest income increased by \$1.7 million, or 5.4%, in the first nine months of 2017.

Total interest expense for the third quarter of 2017 increased by \$280,000, or 14.2%, and increased by \$692,000, or 12.1%, in the first nine months of 2017 when compared to 2016, due to higher levels of both deposit and borrowing interest expense. The Company experienced growth in deposits which we believe reflects the loyalty of our core deposit base that provides a strong foundation upon which this growth builds. Management's ability to acquire new core deposit funding from outside of our traditional market areas as well as our ongoing efforts to offer new loan customers deposit products were the primary reasons for this growth. Specifically, total deposits averaged \$977 million for the first nine months of 2017 which is \$29.9 million, or 3.2%, higher than the \$947 million average for the first nine months of 2016. Deposit interest expense through nine months in 2017 increased by \$583,000, or 14.7%, due to the higher balance of deposits along with certain indexed money market accounts repricing upward after the Federal Reserve interest rate increases. As a result of the solid deposit growth, the Company's loan to deposit ratio averaged 91.5% in the first nine months of 2017 which indicates that the Company has ample room to further grow its loan portfolio. The Company experienced a \$109,000 increase in the interest cost for borrowings in the first nine months of 2017 primarily due to the immediate impact that the increases in the Federal Funds Rate had on the cost of overnight borrowed funds. In the first nine months of 2017, total average FHLB borrowed funds of \$61.2 million remained relatively stable, increasing slightly by \$339,000, or 0.6%.

The Company recorded a \$200,000 provision for loan losses in the third quarter of 2017 compared to a \$300,000 provision for loan losses in the third quarter of 2016. For the nine-month period in 2017, the Company recorded a \$750,000 provision for loan losses compared to a \$3,650,000 provision for loan losses in 2016 or a decrease of \$2.9 million between years. Both, the loan loss provision and net charge-offs were at more typical levels this year than the substantially higher levels that were necessary early last year to resolve a troubled loan exposure to the energy industry. The provision recorded in 2017 supported commercial loan growth, a higher level of criticized loans and more than covered the low level of net loan charge-offs incurred in the first nine months of 2017. For the nine-month timeframe, the Company experienced net loan charge-offs of \$336,000, or 0.05% of total loans in 2017 compared to net loan charge-offs of \$3.8 million, or 0.58%, of total loans in 2016. Overall, the Company continued to maintain

strong asset quality as its nonperforming assets totaled \$5.4 million, or 0.60%, of total loans, at September 30, 2017. Total non-performing assets did increase by \$3.0 million since the end of the second quarter due primarily to the transfer of one commercial credit exposure into non-accrual status. It is believed that the Company's loss exposure on this loan is limited because it is well secured with a low loan to value ratio. In summary, the allowance for loan losses provided 193% coverage of non-performing loans, and 1.15% of total loans, at September 30, 2017, compared to 612% coverage of non-performing loans, and 1.12% of total loans, at December 31, 2016.

Total non-interest income in the third quarter of 2017 decreased by \$32,000, or 0.9%, from the prior year's third quarter, and for the first nine months of 2017 increased by \$106,000, or 1.0%, when compared to the first nine months of 2016. For the third quarter of 2017, the decrease was due to lower revenue from mortgage related fees (\$63,000) and residential mortgage loan sales into the secondary market (\$43,000) as a result of reduced residential mortgage refinance activity in the third quarter of 2017. The reduced revenue more than offset a greater level of other income primarily from our financial services business unit by \$87,000 as wealth management continues to be an important strategic focus of the Company. For the nine-month period, a \$240,000 increase in financial services revenue, higher revenue from bank owned life insurance (BOLI) by \$89,000 due to the second quarter receipt of a death claim, and a greater level of trust and investment advisory fees by \$58,000 more than offset lower levels of service charges on deposits by \$84,000, reduced mortgage related fees and residential mortgage loan sale gains by \$101,000, and fewer gains realized from security sales by \$62,000 in 2017.

The Company's total non-interest expense in the third quarter of 2017 decreased by \$242,000, or 2.3%, when compared to the third quarter of 2016, and for the first nine months of 2017 decreased by \$590,000, or 1.9%. The decrease in the third quarter of 2017 is attributed to lower levels of professional fees (\$117,000) and other expenses (\$98,000) as both of these expense categories were higher in 2016 due to costs associated with the resolution of a trust operations trading error. Also decreasing between quarters were equipment & occupancy expenses by a combined \$98,000 due to the Company's ongoing profitability improvement initiatives. These favorable items more than offset higher salaries & employee benefits (\$104,000) that resulted from increased health care costs and additional investment in talent, particularly in our wealth management division. For the nine-month period, the \$590,000 decrease in non-interest expense in 2017 was attributable to the Company's ongoing efforts to control and reduce costs. Specifically, a branch consolidation and closure of an unprofitable loan production office were the primary reasons for occupancy expense decreasing by \$136,000, or 6.5% and equipment costs declining by \$68,000. Other expense is lower by \$198,000 while professional fees declined by \$159,000 for similar reasons mentioned above for the quarterly comparison. Reduced FDIC insurance by \$88,000 also contributed to the favorable nine-month comparison. Overall, this continued focus on expense control and rationalization results in the efficiency ratio improving through nine months from 85.43% in 2016 to 81.30% in 2017. Finally, the Company recorded an income tax expense of \$1.9 million, or an effective tax rate of 31.2%, in the first nine months of 2017. This compares to an income tax expense of \$474,000, or an effective tax rate of 29.0%, for the first nine months of 2016.

The Company had total assets of \$1.17 billion, shareholders' equity of \$97.1 million, a book value of \$5.31 per common share and a tangible book value of \$4.66 per common share at September 30, 2017. In accordance with the common stock buyback program announced on January 24, 2017, the Company returned \$2.8 million of capital to its shareholders through the repurchase of 686,360 shares of its common stock in the first nine months of 2017. This represents approximately 73% of the authorized common stock repurchase program. The Company continued to maintain strong capital ratios that exceed the regulatory defined well capitalized status.

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

September 30, 2017

(In thousands, except per share and ratio data)

(Unaudited)

2017

| | 1QTR | 2QTR | 3QTR | YEAR TO DATE |
|---|---------|---------|---------|-----------------|
| PERFORMANCE DATA FOR THE PERIOD: | | | | |
| Net income | \$1,348 | \$1,389 | \$1,551 | \$4,288 |
| Net income available to common shareholders | 1,348 | 1,389 | 1,551 | 4,288 |
| PERFORMANCE PERCENTAGES (annualized): | | | | |
| Return on average assets | 0.47% | 0.48% | 0.53% | 0.49% |
| Return on average equity | 5.74 | 5.81 | 6.37 | 5.98 |
| Net interest margin | 3.27 | 3.27 | 3.28 | 3.27 |
| Net charge-offs as a percentage of average loans | 0.04 | 0.01 | 0.11 | 0.05 |
| Loan loss provision as a percentage of average loans | 0.10 | 0.14 | 0.09 | 0.11 |
| Efficiency ratio | 82.04 | 81.47 | 80.42 | 81.30 |
| PER COMMON SHARE: | | | | |
| Net income: | | | | |
| Basic | \$0.07 | \$0.07 | \$0.08 | \$0.23 |
| Average number of common shares outstanding | 18,814 | 18,580 | 18,380 | 18,590 |
| Diluted | 0.07 | 0.07 | 0.08 | 0.23 |
| Average number of common shares outstanding | 18,922 | 18,699 | 18,481 | 18,689 |
| Cash dividends declared | \$0.015 | \$0.015 | \$0.015 | \$0.045 |

2016

| | 1QTR | 2QTR | 2QTR | YEAR TO DATE |
|---|-----------|---------|---------|-----------------|
| PERFORMANCE DATA FOR THE PERIOD: | | | | |
| Net income (loss) | \$(1,267) | \$1,362 | \$1,065 | \$1,160 |
| | (1,282) | 1,362 | 1,065 | 1,145 |

Net income (loss) available to common
shareholders

PERFORMANCE PERCENTAGES

(annualized):

| | | | | |
|---|---------|-------|-------|-------|
| Return on average assets | (0.45)% | 0.48% | 0.37% | 0.14% |
| Return on average equity | (4.86) | 5.60 | 4.27 | 1.54 |
| Net interest margin | 3.30 | 3.23 | 3.15 | 3.23 |
| Net charge-offs as a percentage of average loans | 1.60 | 0.01 | 0.14 | 0.58 |
| Loan loss provision as a percentage of average loans | 1.42 | 0.11 | 0.13 | 0.55 |
| Efficiency ratio | 89.24 | 82.05 | 85.07 | 85.43 |

PER COMMON SHARE:

Net income (loss):

| | | | | |
|---|----------|--------|---------|---------|
| Basic | \$(0.07) | \$0.07 | \$0.06 | \$0.06 |
| Average number of common shares outstanding | 18,884 | 18,897 | 18,899 | 18,893 |
| Diluted | (0.07) | 0.07 | 0.06 | 0.06 |
| Average number of common shares outstanding | 18,884 | 18,948 | 18,957 | 18,947 |
| Cash dividends declared | \$0.01 | \$0.01 | \$0.015 | \$0.035 |

AMERISERV FINANCIAL, INC.

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

(Unaudited)

2017

| | 1QTR | 2QTR | 3QTR |
|--|-------------|-------------|-------------|
| FINANCIAL CONDITION DATA AT PERIOD END | | | |
| Assets | \$1,172,127 | \$1,171,962 | \$1,170,916 |
| Short-term investments/overnight funds | 8,320 | 8,389 | 8,408 |
| Investment securities | 165,781 | 168,367 | 168,443 |
| Loans and loans held for sale | 899,456 | 897,876 | 897,900 |
| Allowance for loan losses | 10,080 | 10,391 | 10,346 |
| Goodwill | 11,944 | 11,944 | 11,944 |
| Deposits | 964,776 | 956,375 | 966,921 |
| FHLB borrowings | 79,718 | 87,143 | 77,635 |
| Subordinated debt, net | 7,447 | 7,453 | 7,459 |
| Shareholders equity | 95,604 | 96,277 | 97,110 |
| Non-performing assets | 1,488 | 2,362 | 5,372 |
| Tangible common equity ratio | 7.21 | 7.27 | 7.35 |
| Total capital (to risk weighted assets) ratio | 13.03 | 13.13 | 13.08 |
| PER COMMON SHARE: | | | |
| Book value | \$5.12 | \$5.21 | \$5.31 |
| Tangible book value | 4.48 | 4.57 | 4.66 |
| Market value | 3.75 | 4.15 | 4.00 |
| Trust assets fair market value (A) | \$2,025,304 | \$2,070,212 | \$2,070,212 |

STATISTICAL DATA AT PERIOD
END:

| | | | |
|--------------------------------|------------|------------|------------|
| Full-time equivalent employees | 307 | 308 | 307 |
| Branch locations | 16 | 16 | 16 |
| Common shares outstanding | 18,666,520 | 18,461,628 | 18,281,224 |

2016

| | 1QTR | 2QTR | 3QTR | 4QTR |
|---|-------------|-------------|-------------|-------------|
| FINANCIAL CONDITION DATA AT PERIOD END | | | | |
| Assets | \$1,121,701 | \$1,142,492 | \$1,145,655 | \$1,153,780 |

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| | | | | |
|---|-------------|-------------|-------------|-------------|
| Short-term investments/overnight funds | 5,556 | 6,836 | 8,279 | 8,966 |
| Investment securities | 139,000 | 145,753 | 145,609 | 157,742 |
| Loans and loans held for sale | 882,410 | 895,513 | 896,301 | 886,858 |
| Allowance for loan losses | 9,520 | 9,746 | 9,726 | 9,932 |
| Goodwill | 11,944 | 11,944 | 11,944 | 11,944 |
| Deposits | 906,773 | 940,931 | 962,736 | 967,786 |
| FHLB borrowings | 88,952 | 72,617 | 56,943 | 58,296 |
| Subordinated debt, net | 7,424 | 7,430 | 7,435 | 7,441 |
| Shareholders equity | 97,589 | 99,232 | 100,044 | 95,395 |
| Non-performing assets | 3,007 | 2,230 | 1,907 | 1,624 |
| Tangible common equity ratio | 7.72 | 7.72 | 7.77 | 7.31 |
| Total capital (to risk weighted assets) ratio | 13.11 | 13.04 | 13.17 | 13.15 |
| PER COMMON SHARE: | | | | |
| Book value | \$5.16 | \$5.25 | \$5.29 | \$5.05 |
| Tangible book value | 4.53 | 4.62 | 4.66 | 4.41 |
| Market value | 2.99 | 3.02 | 3.32 | 3.70 |
| Trust assets fair market value (A) | \$1,974,180 | \$1,982,868 | \$2,011,344 | \$1,992,978 |

STATISTICAL DATA AT PERIOD
END:

| | | | | |
|--------------------------------|------------|------------|------------|------------|
| Full-time equivalent employees | 317 | 311 | 310 | 305 |
| Branch locations | 16 | 16 | 16 | 16 |
| Common shares outstanding | 18,894,561 | 18,896,876 | 18,903,472 | 18,903,472 |

NOTES:

(A) Not recognized on the consolidated balance sheets.

AMERISERV FINANCIAL, INC.

CONSOLIDATED STATEMENT OF INCOME

(In thousands)

(Unaudited)

2017

| | 1QTR | 2QTR | 3QTR | YEAR TO DATE |
|----------------------------|---------|---------|---------|-----------------|
| INTEREST INCOME | | | | |
| Interest and fees on loans | \$9,556 | \$9,778 | \$9,855 | \$29,189 |
| Interest on investments | 1,192 | 1,273 | 1,332 | 3,797 |

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| | | | | |
|--|--------------|--------------|--------------|---------------|
| Total Interest Income | 10,748 | 11,051 | 11,187 | 32,986 |
| INTEREST EXPENSE | | | | |
| Deposits | 1,436 | 1,504 | 1,618 | 4,558 |
| All borrowings | 591 | 648 | 632 | 1,871 |
| Total Interest Expense | 2,027 | 2,152 | 2,250 | 6,429 |
| NET INTEREST INCOME | 8,721 | 8,899 | 8,937 | 26,557 |
| Provision for loan losses | 225 | 325 | 200 | 750 |
| NET INTEREST INCOME AFTER | | | | |
| PROVISION FOR LOAN LOSSES | 8,496 | 8,574 | 8,737 | 25,807 |
| NON-INTEREST INCOME | | | | |
| Trust and investment advisory fees | 2,166 | 2,081 | 2,045 | 6,292 |
| Service charges on deposit accounts | 374 | 385 | 409 | 1,168 |
| Net realized gains on loans held for sale | 114 | 186 | 217 | 517 |
| Mortgage related fees | 75 | 83 | 69 | 227 |
| Net realized gains on investment securities | 27 | 32 | 56 | 115 |
| Bank owned life insurance | 141 | 310 | 143 | 594 |
| Other income | 665 | 678 | 690 | 2,033 |
| Total Non-Interest Income | 3,562 | 3,755 | 3,629 | 10,946 |
| NON-INTEREST EXPENSE | | | | |
| Salaries and employee benefits | 6,010 | 5,979 | 6,005 | 17,994 |
| Net occupancy expense | 674 | 639 | 634 | 1,947 |
| Equipment expense | 419 | 434 | 343 | 1,196 |
| Professional fees | 1,200 | 1,415 | 1,213 | 3,828 |
| FDIC deposit insurance expense | 160 | 152 | 156 | 468 |
| Other expenses | 1,622 | 1,698 | 1,763 | 5,083 |
| Total Non-Interest Expense | 10,085 | 10,317 | 10,114 | 30,516 |
| PRETAX INCOME | 1,973 | 2,012 | 2,252 | 6,237 |
| Income tax expense | 625 | 623 | 701 | 1,949 |
| NET INCOME AVAILABLE TO COMMON SHAREHOLDERS | 1,348 | 1,389 | 1,551 | 4,288 |

2016

| | 1QTR | 2QTR | 3QTR | YEAR TO DATE |
|---|---------|---------|---------|-----------------|
| INTEREST INCOME | | | | |
| Interest and fees on loans | \$9,465 | \$9,409 | \$9,462 | \$28,336 |
| Interest on investments | 957 | 980 | 1,014 | 2,951 |
| Total Interest Income | 10,422 | 10,389 | 10,476 | 31,287 |
| INTEREST EXPENSE | | | | |
| Deposits | 1,254 | 1,330 | 1,391 | 3,975 |
| All borrowings | 610 | 573 | 579 | 1,762 |
| Total Interest Expense | 1,864 | 1,903 | 1,970 | 5,737 |
| NET INTEREST INCOME | | | | |
| Provision for loan losses | 3,100 | 250 | 300 | 3,650 |
| NET INTEREST INCOME AFTER | | | | |
| PROVISION FOR LOAN LOSSES | | | | |
| | 5,458 | 8,236 | 8,206 | 21,900 |
| NON-INTEREST INCOME | | | | |
| Trust and investment advisory fees | 2,075 | 2,124 | 2,035 | 6,234 |
| Service charges on deposit accounts | 415 | 404 | 433 | 1,252 |
| Net realized gains on loans held for sale | 107 | 185 | 260 | 552 |
| Mortgage related fees | 63 | 98 | 132 | 293 |
| Net realized gains on investment securities | 57 | 60 | 60 | 177 |
| Bank owned life insurance | 167 | 169 | 169 | 505 |
| Other income | 553 | 702 | 572 | 1,827 |
| Total Non-Interest Income | 3,437 | 3,742 | 3,661 | 10,840 |

| | | | | |
|---|-----------|---------|---------|---------|
| NON-INTEREST EXPENSE | | | | |
| Salaries and employee benefits | 6,166 | 5,868 | 5,901 | 17,935 |
| Net occupancy expense | 737 | 690 | 656 | 2,083 |
| Equipment expense | 436 | 409 | 419 | 1,264 |
| Professional fees | 1,465 | 1,192 | 1,330 | 3,987 |
| FDIC deposit insurance expense | 179 | 188 | 189 | 556 |
| Other expenses | 1,728 | 1,692 | 1,861 | 5,281 |
| Total Non-Interest Expense | 10,711 | 10,039 | 10,356 | 31,106 |
| | | | | |
| PRETAX INCOME (LOSS) | (1,816) | 1,939 | 1,511 | 1,634 |
| Income tax expense (benefit) | (549) | 577 | 446 | 474 |
| NET INCOME (LOSS) | (1,267) | 1,362 | 1,065 | 1,160 |
| Preferred stock dividends | 15 | - | - | 15 |
| NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS | \$(1,282) | \$1,362 | \$1,065 | \$1,145 |

AMERISERV FINANCIAL, INC.

NASDAQ: ASRV

Average Balance Sheet Data (In thousands)

(Unaudited)

2017

2016

| | | NINE 3QTR MONTHS | 3QTR | NINE MONTHS |
|---|-------------|---------------------|-------------|----------------|
| Interest earning assets: | | | | |
| Loans and loans held for sale, net of unearned income | \$892,198 | \$894,088 | \$893,143 | \$887,681 |
| Short-term investment in money market funds | 8,921 | 8,049 | 20,797 | 12,987 |
| Deposits with banks | 1,026 | 1,029 | 1,065 | 1,871 |
| Total investment securities | 174,784 | 171,985 | 148,608 | 145,192 |
| Total interest earning assets | 1,076,929 | 1,075,151 | 1,063,613 | 1,047,731 |
| Non-interest earning assets: | | | | |
| Cash and due from banks | 22,082 | 22,214 | 21,675 | 19,883 |
| Premises and equipment | 12,467 | 12,095 | 11,887 | 11,982 |
| Other assets | 67,240 | 67,552 | 68,660 | 68,351 |
| Allowance for loan losses | (10,537) | (10,290) | (9,794) | (9,777) |
| Total assets | \$1,168,181 | \$1,166,722 | \$1,156,041 | \$1,138,170 |
| Interest bearing liabilities: | | | | |
| Interest bearing deposits: | | | | |
| Interest bearing demand | \$131,493 | \$129,923 | \$ 111,040 | \$ 106,983 |
| Savings | 98,184 | 97,852 | 96,593 | 96,149 |
| Money market | 277,948 | 276,958 | 285,358 | 275,226 |
| Other time | 292,054 | 290,598 | 302,610 | 286,966 |
| Total interest bearing deposits | 799,679 | 795,331 | 795,601 | 765,324 |
| Borrowings: | | | | |
| Federal funds purchased and other short-term borrowings | 13,179 | 15,390 | 1,309 | 11,480 |
| Advances from Federal Home Loan Bank | 45,997 | 45,785 | 49,852 | 49,356 |
| | 13,085 | 13,085 | 13,085 | 13,085 |

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| | | | | |
|---|-------------|-------------|-------------|-------------|
| Guaranteed junior subordinated deferrable interest debentures | | | | |
| Subordinated debt | 7,650 | 7,650 | 7,650 | 7,650 |
| Total interest bearing liabilities | 879,590 | 877,241 | 867,497 | 846,895 |
| Non-interest bearing liabilities: | | | | |
| Demand deposits | 181,356 | 181,924 | 181,365 | 182,003 |
| Other liabilities | 10,628 | 11,630 | 7,931 | 8,683 |
| Shareholders' equity | 96,607 | 95,927 | 99,248 | 100,589 |
| Total liabilities and shareholders' equity | \$1,168,181 | \$1,166,722 | \$1,156,041 | \$1,138,170 |