

AMERISERV FINANCIAL INC /PA/
Form 10-Q/A
January 07, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Mark One)

X

Quarterly Report Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

For the period ended September 30, 2004

Transaction Report Pursuant to Section 13 or 15(d) of

the Securities Exchange Act of 1934

For the transaction period from _____ to _____

Commission File Number 0-11204

AmeriServ Financial, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania

25-1424278

(State or other jurisdiction of incorporation
or organization)

(I.R.S. Employer Identification No.)

Main & Franklin Streets, P.O. Box 430, Johnstown, PA 15907-0430

(Address of principal executive offices)

(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

Yes

No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at November 1, 2004</u>
Common Stock, par value \$2.50	16,776,682
per share	

This amendment No. 1 on Form 10-Q/A is being refiled to reflect the restatement of the Company's Statements of Cash Flows for the nine months ended September 30, 2003, as discussed in Note 19 to the Condensed Consolidated Financial Statements included at Item 1.

AmeriServ Financial, Inc.

INDEX

PART I. FINANCIAL INFORMATION:	<u>Page No.</u>
Condensed Consolidated Balance Sheets - September 30, 2004, and December 31, 2003	3
Condensed Consolidated Statements of Operations - Three and Nine months ended September 30, 2004, and 2003	4
Condensed Consolidated Statements of Cash Flows -	

Nine months ended September 30, 2004, and 2003	6
Notes to Condensed Consolidated Financial Statements	7
Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations	23
Controls and Procedures	39
Part II.	40
Other Information	

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AmeriServ Financial, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

	September 30, <u>2004</u>	December 31, <u>2003</u>
-		
ASSETS		
Cash and due from banks	\$ 21,705	\$ 24,484
Interest bearing deposits	421	289
Investment securities:		
Available for sale	448,507	524,573
Held to maturity (market value \$40,335 on September 30, 2004, and \$28,095 on December 31, 2003)	40,110	28,089
Loans held for sale	965	1,423
Loans	507,463	504,890
Less: Unearned income	1,877	2,926
Allowance for loan losses	<u>9,827</u>	<u>11,682</u>
Net loans	495,759	490,282
Premises and equipment, net	10,195	11,141
Accrued income receivable	4,987	4,922
Mortgage servicing rights	1,395	1,718
Goodwill	9,544	9,544
Core deposit intangibles	3,785	4,719
Bank owned life insurance	30,345	29,515
Other assets	<u>21,131</u>	<u>17,187</u>
TOTAL ASSETS	<u>\$ 1,088,849</u>	<u>\$ 1,147,886</u>
LIABILITIES		
Non-interest bearing deposits	\$ 103,178	\$ 103,982
Interest bearing deposits	<u>555,998</u>	<u>550,615</u>
Total deposits	<u>659,176</u>	<u>654,597</u>
Other short-term borrowings	87,000	144,643
Advances from Federal Home Loan Bank	226,035	231,063
Guaranteed junior subordinated deferrable interest debentures	<u>35,567</u>	<u>34,500</u>

Total borrowed funds	<u>348,602</u>	<u>410,206</u>
Other liabilities	<u>7,600</u>	<u>8,813</u>
TOTAL LIABILITIES	<u>1,015,378</u>	<u>1,073,616</u>

STOCKHOLDERS' EQUITY

Preferred stock, no par value; 2,000,000 shares

authorized; there were no shares issued and

outstanding for the periods presented

Common stock, par value \$2.50 per share;

24,000,000 shares authorized;

18,069,645 shares issued

and 13,978,726 outstanding

on September 30, 2004; 18,048,518 shares

issued and 13,957,599 outstanding on

December 31, 2003	45,174	45,121
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Treasury stock at cost, 4,090,919 shares for all

periods presented	(65,824)	(65,824)
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Capital surplus	66,867	66,809
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Retained earnings	30,318	29,096
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Accumulated other comprehensive loss, net	<u>(3,064)</u>	<u>(932)</u>
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TOTAL STOCKHOLDERS' EQUITY	<u>73,471</u>	<u>74,270</u>
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TOTAL LIABILITIES AND

STOCKHOLDERS' EQUITY	<u>\$ 1,088,849</u>	<u>\$ 1,147,886</u>
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See accompanying notes to condensed consolidated financial statements.

AmeriServ Financial, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands except per share data)

Unaudited

	Three Months Ended September 30, <u>2004</u>	Three Months Ended September 30, <u>2003</u>	Nine Months Ended September 30, <u>2004</u>	Nine Months Ended September 30, <u>2003</u>
INTEREST INCOME				
Interest and fees on loans and loans held for sale	\$ 7,346	\$ 8,044	\$ 22,716	\$ 25,722
Deposits with banks	9	9	24	46
Federal funds sold	-	-	1	-
Investment securities:				
Available for sale	4,909	4,745	14,427	15,460
Held to maturity	<u>434</u>	<u>281</u>	<u>1,071</u>	<u>820</u>
Total Interest Income	12,698	13,079	38,239	42,048
INTEREST EXPENSE				
Deposits	2,628	2,765	7,700	8,870
Federal funds purchased and securities				
sold under agreements to repurchase	-	8	-	25
Other short-term borrowings	542	323	1,397	1,027
Advances from Federal Home Loan Bank	3,113	3,547	9,076	11,129
Guaranteed junior subordinated deferrable interest	-	-	-	-
debentures	<u>763</u>	<u>740</u>	<u>2,289</u>	<u>2,220</u>
Total Interest Expense	<u>7,046</u>	<u>7,383</u>	<u>20,462</u>	<u>23,271</u>
NET INTEREST INCOME	5,652	5,696	17,777	18,777
Provision for loan losses	<u>-</u>	<u>384</u>	<u>643</u>	<u>2,577</u>
NET INTEREST INCOME AFTER PROVISION FOR	5,652	5,312	17,134	16,200
LOAN LOSSES				
NON-INTEREST INCOME				
Trust fees	1,377	1,254	3,991	3,760
Net realized gains on investment securities	228	402	1,276	3,100
Net realized gains on loans held for sale	108	165	263	559
Service charges on deposit accounts	692	812	2,138	2,379
Net mortgage servicing fees	40	55	139	203
Bank owned life insurance	279	305	830	910
Loss on sale of mortgage servicing	-	-	-	(758)

Other income	<u>1,452</u>	<u>989</u>	<u>3,109</u>	<u>2,919</u>
Total Non-Interest Income	4,176	3,982	11,746	13,072
NON-INTEREST EXPENSE				
Salaries and employee benefits	4,893	4,729	14,611	14,235
Net occupancy expense	665	682	2,121	2,135
Equipment expense	672	692	2,063	2,259
Professional fees	1,099	951	2,736	2,912
Supplies, postage and freight	333	326	958	1,040
Miscellaneous taxes and insurance	414	398	1,268	1,221
FDIC deposit insurance expense	72	75	215	129
Amortization of core deposit intangibles	218	358	934	1,074
Impairment charge (credit) for mortgage servicing rights	138	(230)	(26)	390
Goodwill impairment loss	-	-	-	199
Other expense	<u>1,047</u>	<u>1,131</u>	<u>3,298</u>	<u>3,424</u>
Total Non-Interest Expense	\$ 9,551	\$ 9,112	\$ 28,178	\$ 29,018

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

CONTINUED FROM PREVIOUS PAGE

(In thousands, except per share data)

Unaudited

	Three Months Ended September 30, <u>2004</u>	Three Months Ended September 30, <u>2003</u>	Nine Months Ended September 30, <u>2004</u>	Nine Months Ended September 30, <u>2003</u>
INCOME BEFORE INCOME TAXES	\$ 277	\$ 182	\$ 702	\$ 254
Benefit for income taxes	<u>(465)</u>	<u>(67)</u>	<u>(520)</u>	<u>(115)</u>
NET INCOME	<u>\$ 742</u>	<u>\$ 249</u>	<u>\$ 1,222</u>	<u>\$ 369</u>
PER COMMON SHARE DATA:				
Basic:				
Net income	\$ 0.05	\$ 0.02	\$ 0.09	\$ 0.03
Average shares outstanding	13,976	13,946	13,969	13,935
Diluted:				
Net income	\$ 0.05	\$ 0.02	\$ 0.09	\$ 0.03
Average shares outstanding	14,010	13,955	14,019	13,941
Cash dividends declared	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

See accompanying notes to condensed consolidated financial statements.

AmeriServ Financial, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

Unaudited

	Nine months ended September 30, 2004	Nine months ended September 30, 2003 (As restated - see Note 19)
OPERATING ACTIVITIES		
Net income	\$ 1,222	\$ 369
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	643	2,577
Depreciation expense	1,505	1,606
Amortization expense of core deposit intangibles	934	1,074
Goodwill impairment loss	-	199
Amortization expense of mortgage servicing rights	349	632
Impairment (credit) charge for mortgage servicing rights	(26)	390
Net amortization of investment securities	1,775	2,385
Net realized gains on investment securities	(1,276)	(3,100)

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Net realized gains on loans held for sale	(263)	(559)
Loss on sale of mortgage servicing rights	-	758
Origination of mortgage loans held for sale	(22,643)	(55,670)
Sales of mortgage loans held for sale	22,136	55,003
Decrease (increase) in accrued income receivable	(65)	814
Decrease in accrued expense payable	(114)	(1,585)
Net (increase) decrease in other assets	(3,626)	4,765
Net increase (decrease) in other liabilities	<u>2,155</u>	<u>(2,075)</u>
Net cash provided by operating activities	<u>2,706</u>	<u>7,583</u>

INVESTING ACTIVITIES

Purchases of investment securities and other short-term investments - available for sale	(303,611)	(508,192)
Purchases of investment securities and other short-term investments - held to maturity	(17,050)	(18,221)
Proceeds from maturities of investment securities and		